

**NAVIGATE.
PREDICT. LEAD.**



**SPRING
MEETING**

May 7–10, 2023

The Westin Boston Seaport District
Boston, MA

COVID-19 Impact on Workers' Compensation

NAVIGATE.

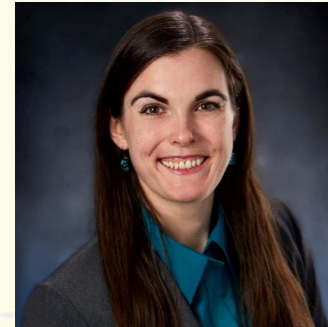


Terry (Shaohe) Huang

(she/her)

Lead Actuary

New Jersey Compensation Rating
and Inspection Bureau



Andrea Everling FCAS, MAAA, CPCU

(she/her)

Vice President of Actuarial Services

Minnesota Workers' Compensation
Insurers Association



Laura Carstensen FCAS, MAAA

(she/her)

Vice President of Actuarial Research

Workers Compensation Insurance Rating
Bureau of California



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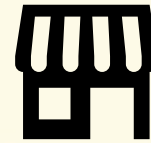
Introduction | What are DCOs



- Financial Data
- Unit Statistical Data
- Medical Transaction Data
- Indemnity Transaction Data

Support the Workers' Compensation industry in our states, for example:

Loss Costs or Rates



Payroll Audit Review



Proof of Coverage

Assigned Risk Plan



Experience Mods



Reports & Research



COVID-19 and Workers Compensation

Phase II of the Multibureau Collaboration



California Workers Compensation Insurance Rating Bureau
1901 Harrison Street, 17th Floor, Oakland, CA 94612
888-229-2472 | wcirb.com



Delaware Compensation Rating Bureau
30 South 17th Street – Suite 1500, Philadelphia, PA 19103-4007
302-654-1435 | dcrb.com



Indiana Compensation Rating Bureau
5920 Castleway W Dr #121, Indianapolis, IN 46250
317-842-2800 | icrb.net



Compensation Advisory Organization of Michigan
17197 N. Laurel Park Drive, Suite 311, Livonia, MI 48152
734-462-9600 | caom.com



Minnesota Workers' Compensation Insurers Association
7701 France Ave S #450, Edina, MN, 55435
952-897-1737 | mwcia.org



National Council on Compensation Insurance
901 Peninsula Corporate Cir., Boca Raton, FL 33487
800-622-4123 | ncci.com



New Jersey Compensation Rating and Inspection Bureau
60 Park Pl, Newark, NJ 07102
973-622-6014 | njcrib.com



North Carolina Rate Bureau
2910 Sumner Blvd, Raleigh, NC 27616
919-783-9790 | ncrb.org



Pennsylvania Compensation Rating Bureau
30 South 17th Street – Suite 1500, Philadelphia, PA 19103-4007
215-568-2371 | pcrb.com



Wisconsin Compensation Rating Bureau
20700 Swenson Dr Ste 100, Waukesha, WI 53186
262-796-4540 | wcrb.com

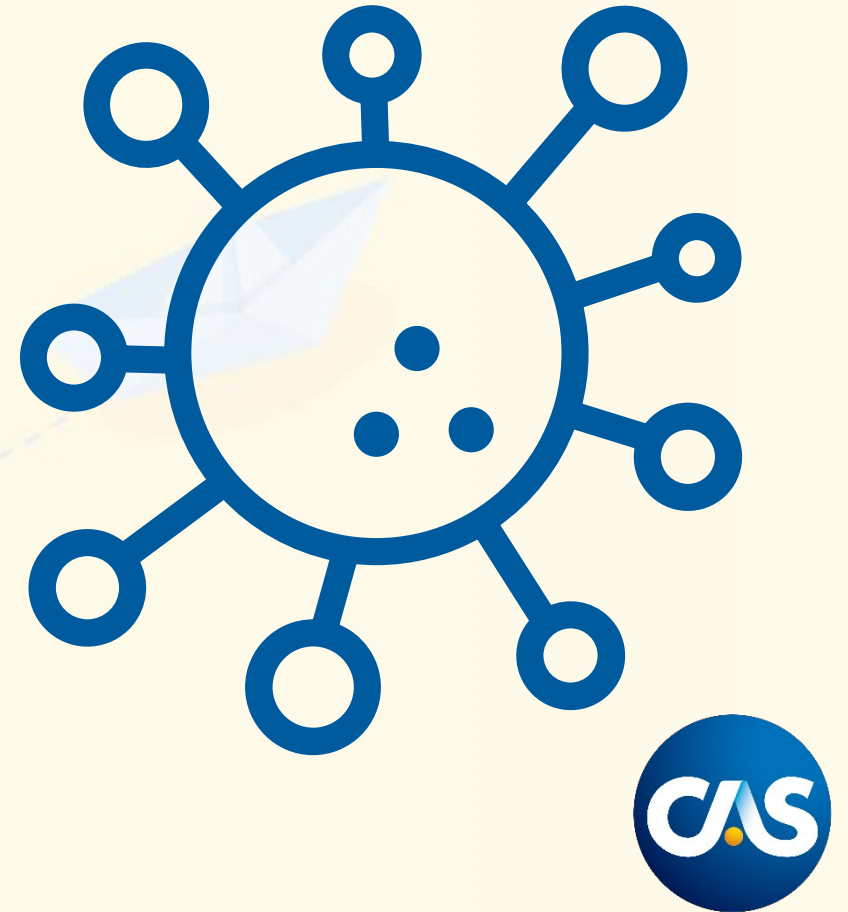


Introduction | Background

The COVID-19 pandemic has affected the United States population, including its workforce, since March 2020.

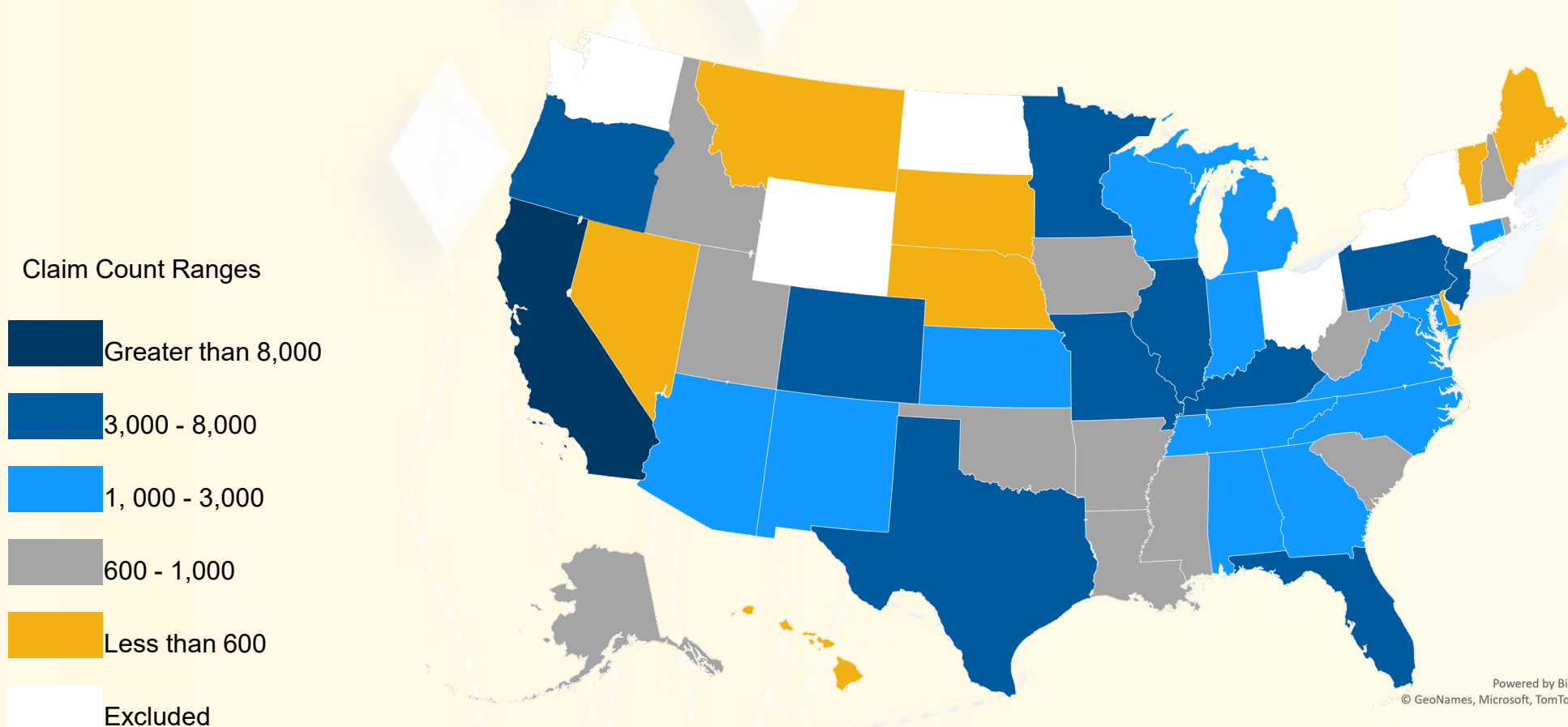
To better understand the pandemic's impact on the workers compensation (WC) industry, a multistate evaluation of the reported [COVID-19 claims](#) was undertaken.

This webinar summarizes key findings with respect to the impact the COVID-19 pandemic has had, and may continue to have, on the WC system.



Introduction | Overview of Analysis

This analysis relied on data from **45 jurisdictions**, representing approximately **\$1.1B** in COVID-19 incurred loss dollars associated with approximately **117K** COVID-19 claims - an average cost of approximately **\$9,600** per COVID-19 claim from Accident Years 2020 and 2021 as of year-end 2021.



Overview | Andrea Everling

This section provides an overview of COVID-19 claim and loss shares for the WC industry.



Definitions

Indemnity-Only Claim:

An indemnity-only claim is typically small, representing a few weeks' indemnity payments. Examples include mild cases where a positive COVID-19 test was not reimbursed through WC, quarantine claims (where covered), and/or claims where the medical was paid by another payor.

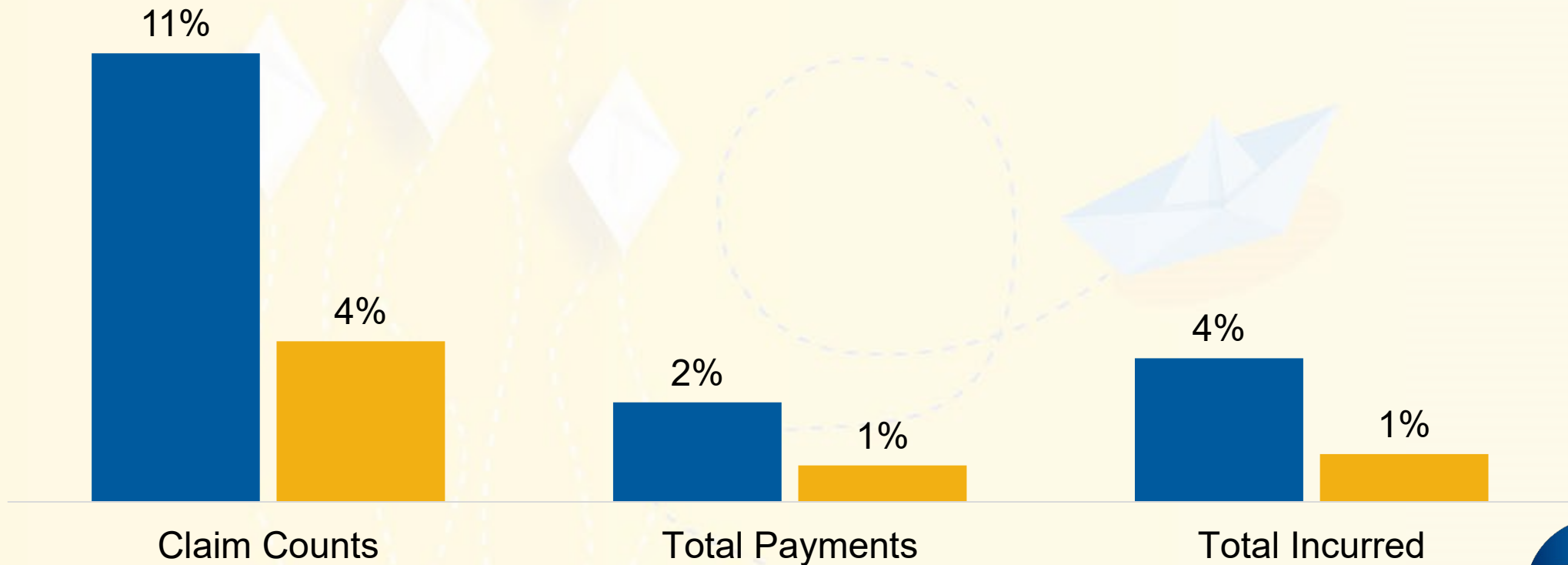
Medical + Indemnity Claim:

A claim with both an indemnity and medical benefit component. These claims tend to be the more serious claims requiring medical intervention and time out of work (i.e., wage replacement benefits).



COVID-19 Shares of Claim Counts, Payments, and Paid+Case Losses

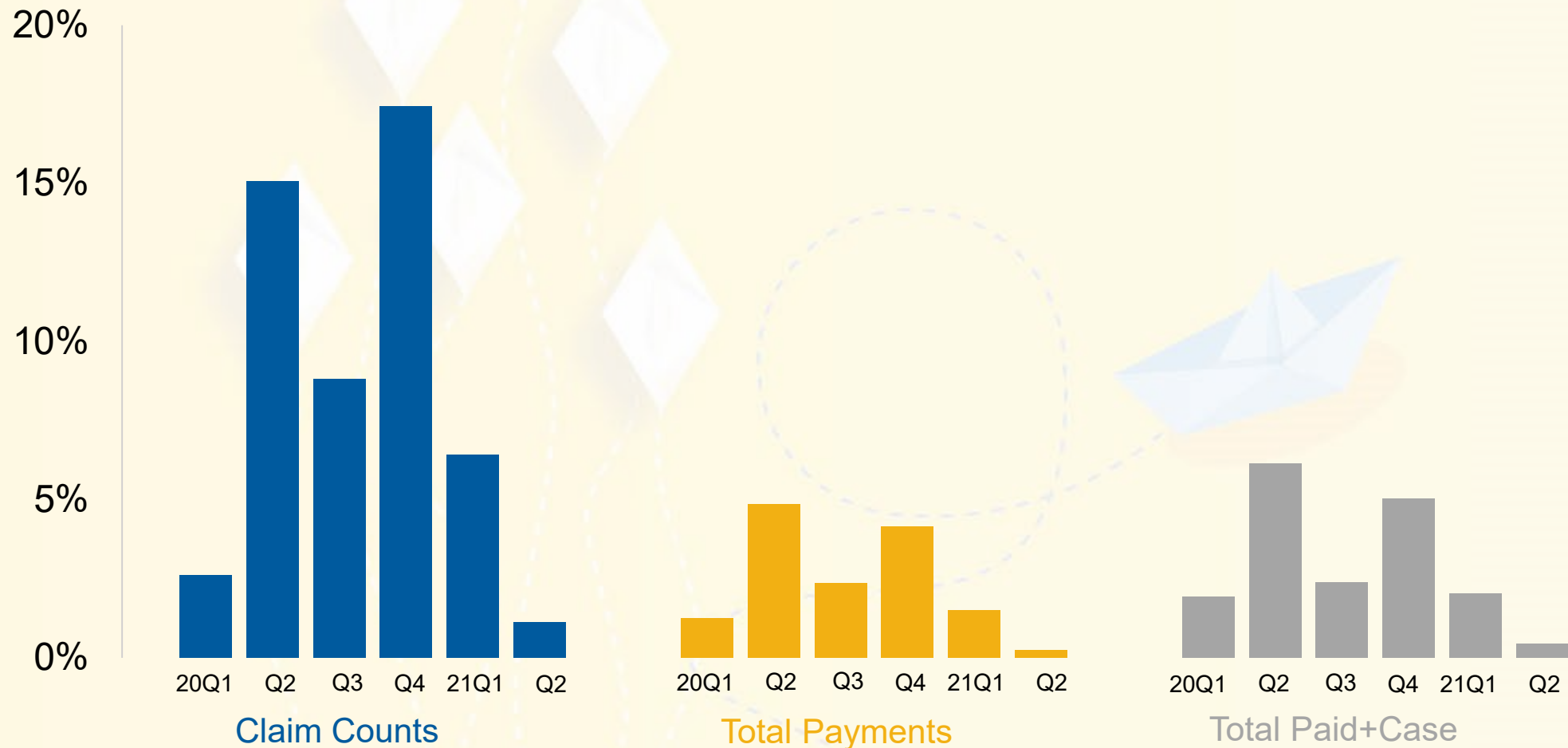
Accident Year 2020 and Accident Year 2021



Source: Financial data from Accident Year 2020 evaluated as of year-end 2020 and Accident Year 2021 as of year-end 2021.



COVID-19 Shares of Claim Counts, Payments, and Paid+Case Losses by Quarter

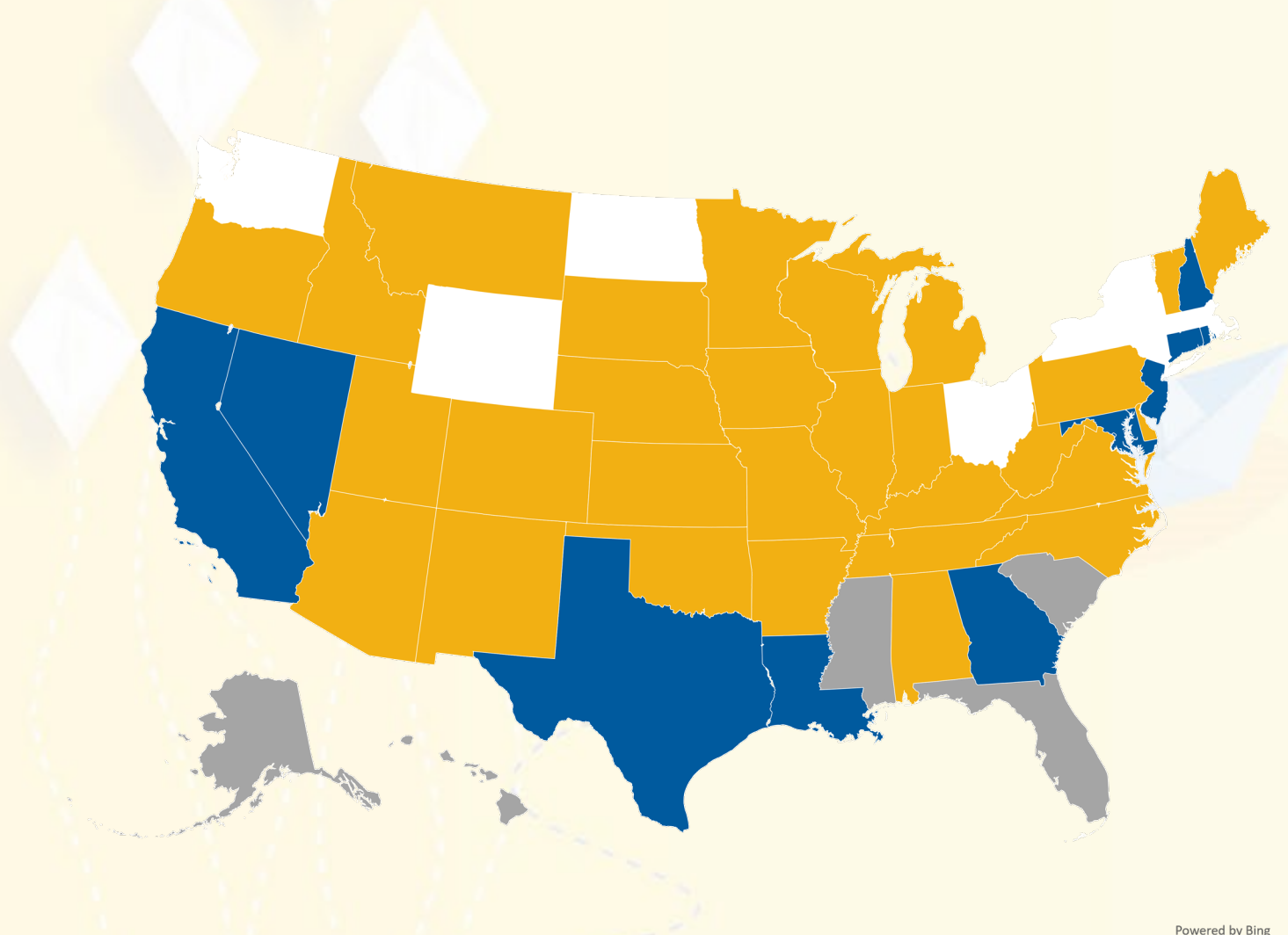


Source: Unit Statistical Data from Accident Year 2020 and Quarters 1 and 2 of Accident Year 2021, evaluated at a first report.



COVID-19 Claim Share Peak by State

2Q20, 3Q20, 4Q20 peak quarter

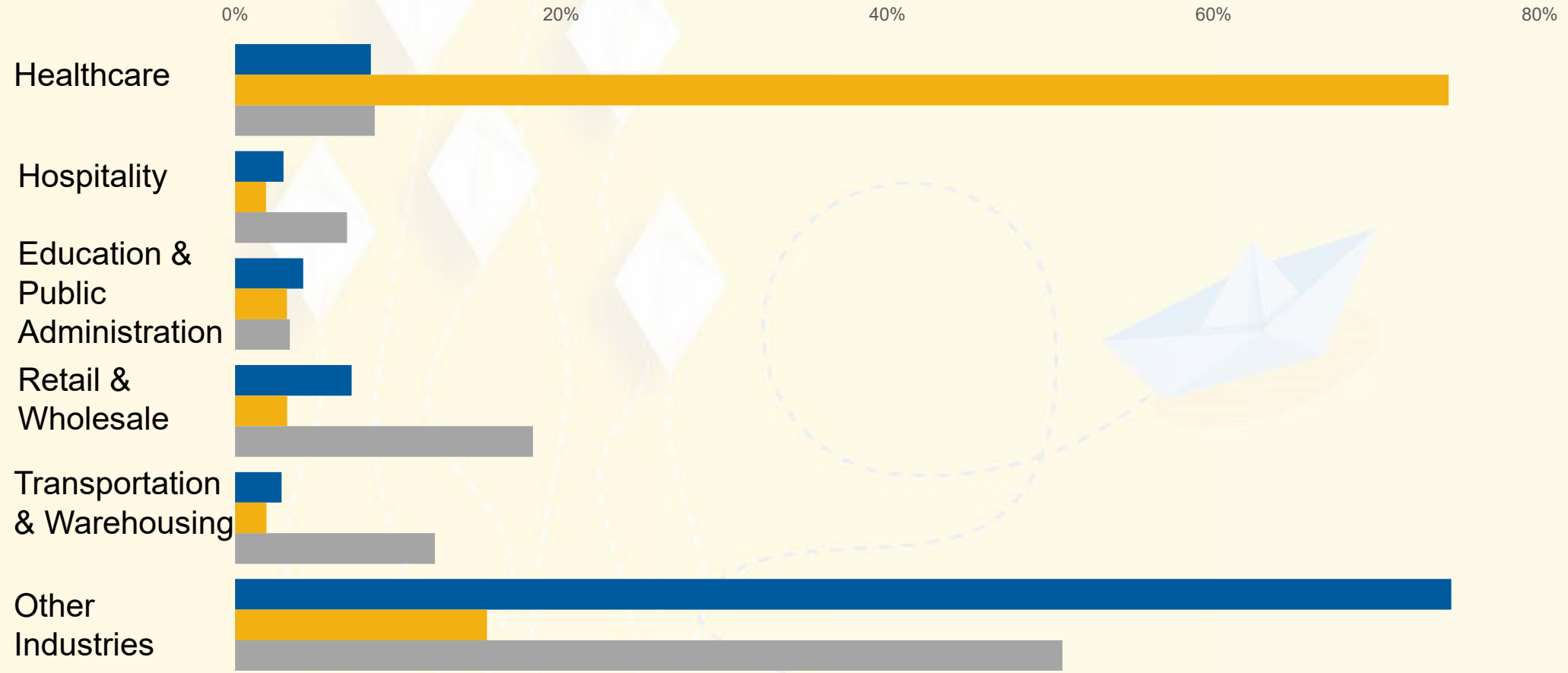


Source: Unit Statistical Data from Accident Year 2020, evaluated at a first report.

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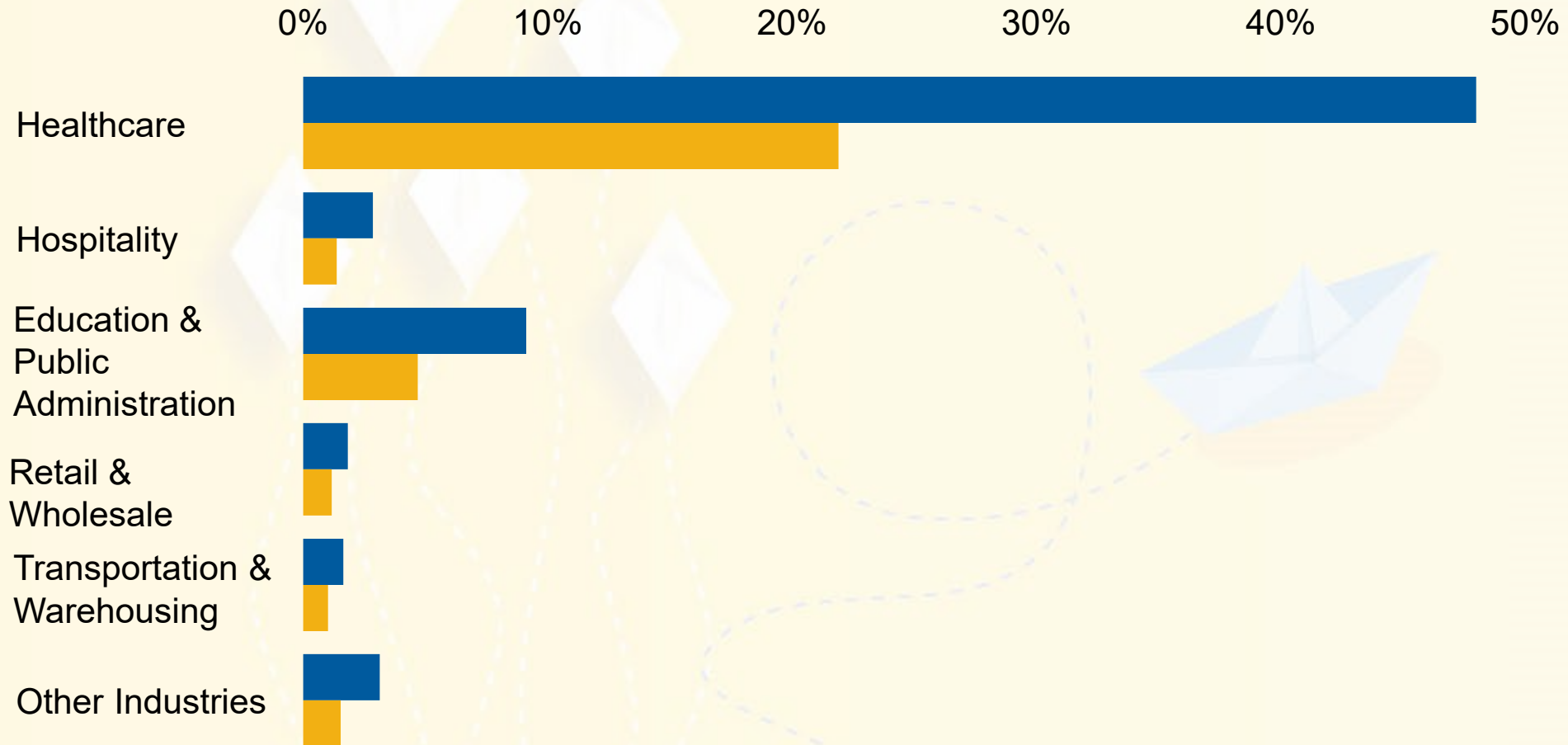
Distribution of Payroll and COVID-19 and Non-COVID-19 Claims



Source: Unit Statistical Data from Accident Year 2020 and Quarters 1 and 2 of Accident Year 2021, evaluated at a first report. Payroll excludes WI.



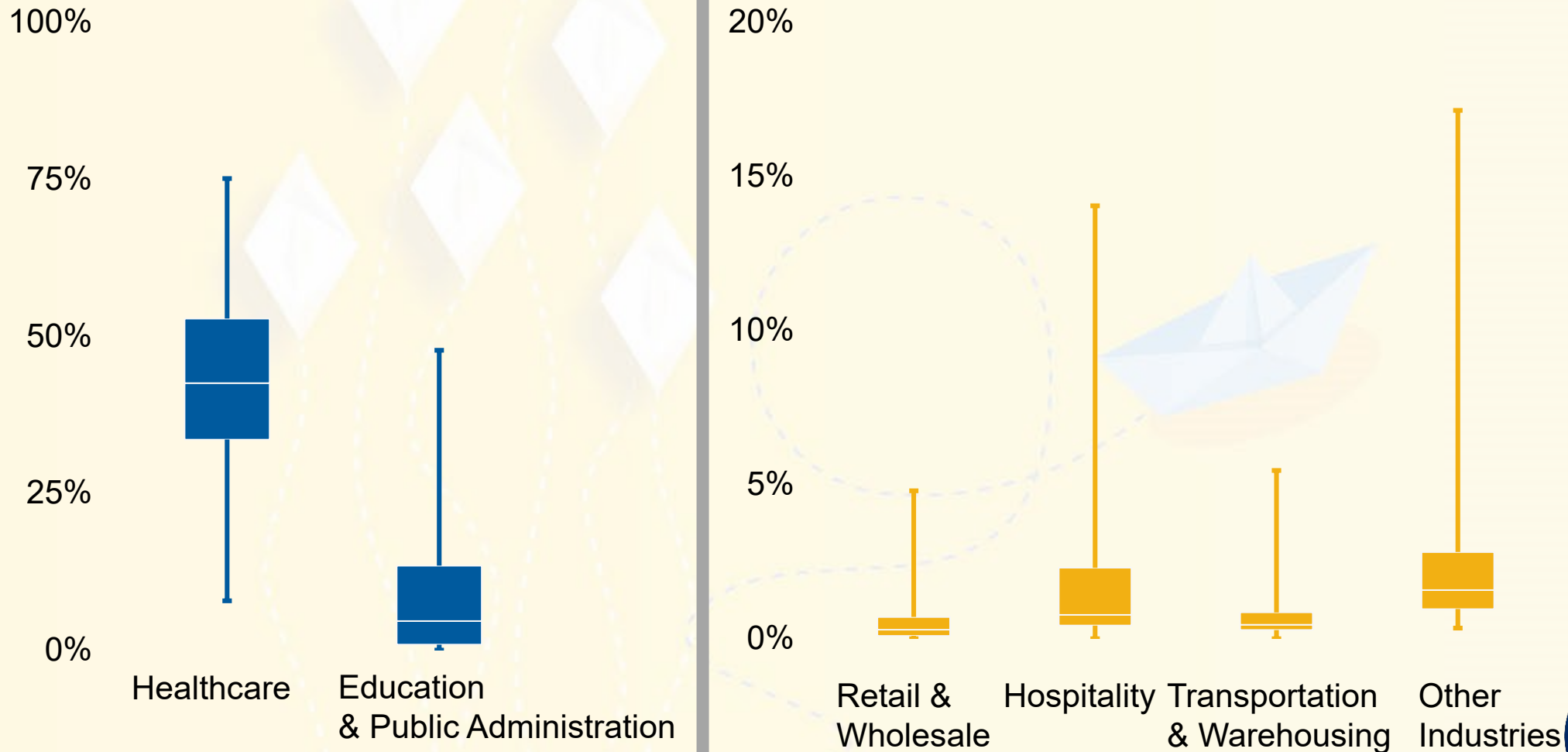
COVID-19 Shares of Claim Counts and Paid+Case Losses by Industry Sector



Source: Unit Statistical Data from Accident Year 2020 and Quarters 1 and 2 of Accident Year 2021, evaluated at a first report.



COVID-19 Claim Share by Industry Sector and State



Source: Unit Statistical Data from Accident Year 2020 and Quarters 1 and 2 of Accident Year 2021, evaluated at a first report.



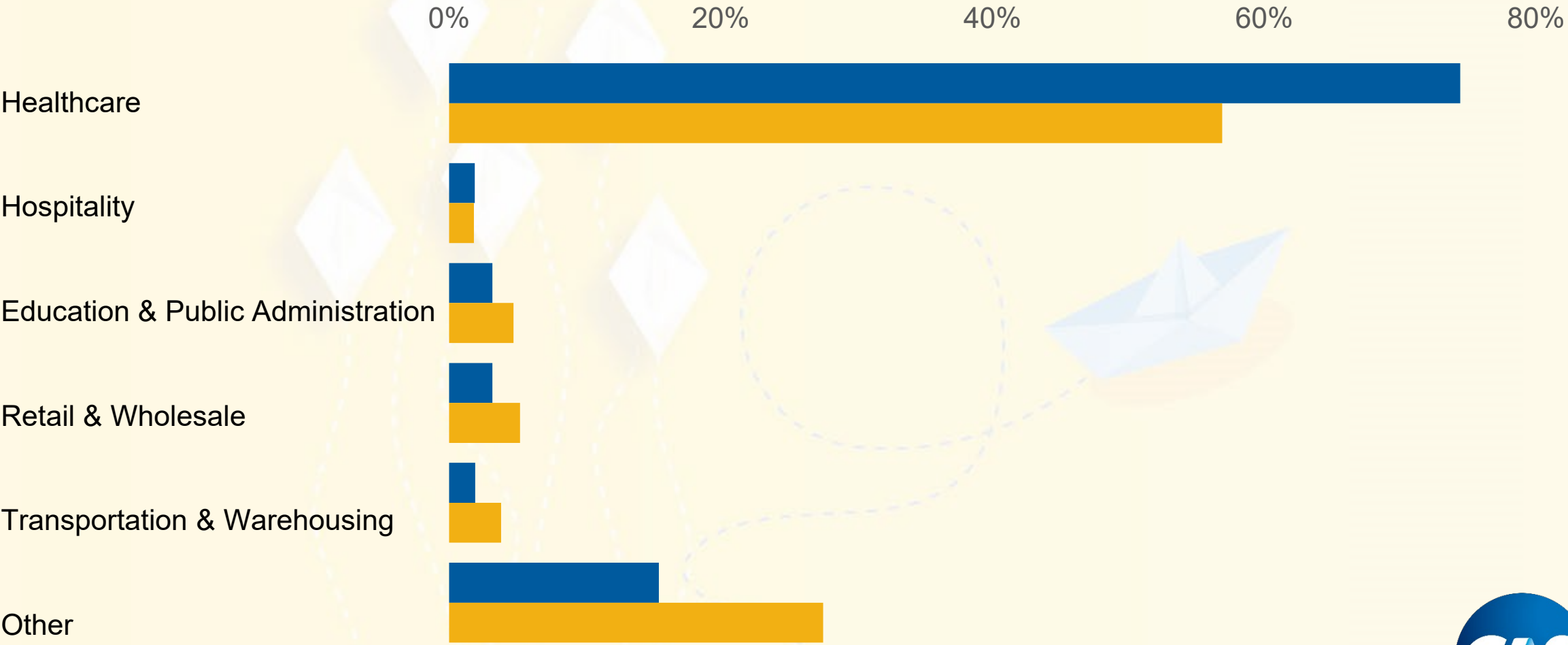
Distributions | Terry Huang

This section provides distributions of COVID-19 claim count shares and paid+case losses, along with comparisons between COVID-19 and non-COVID-19 distributions.

Distributions are defined as COVID-19 claims (losses) divided by total claims (losses).



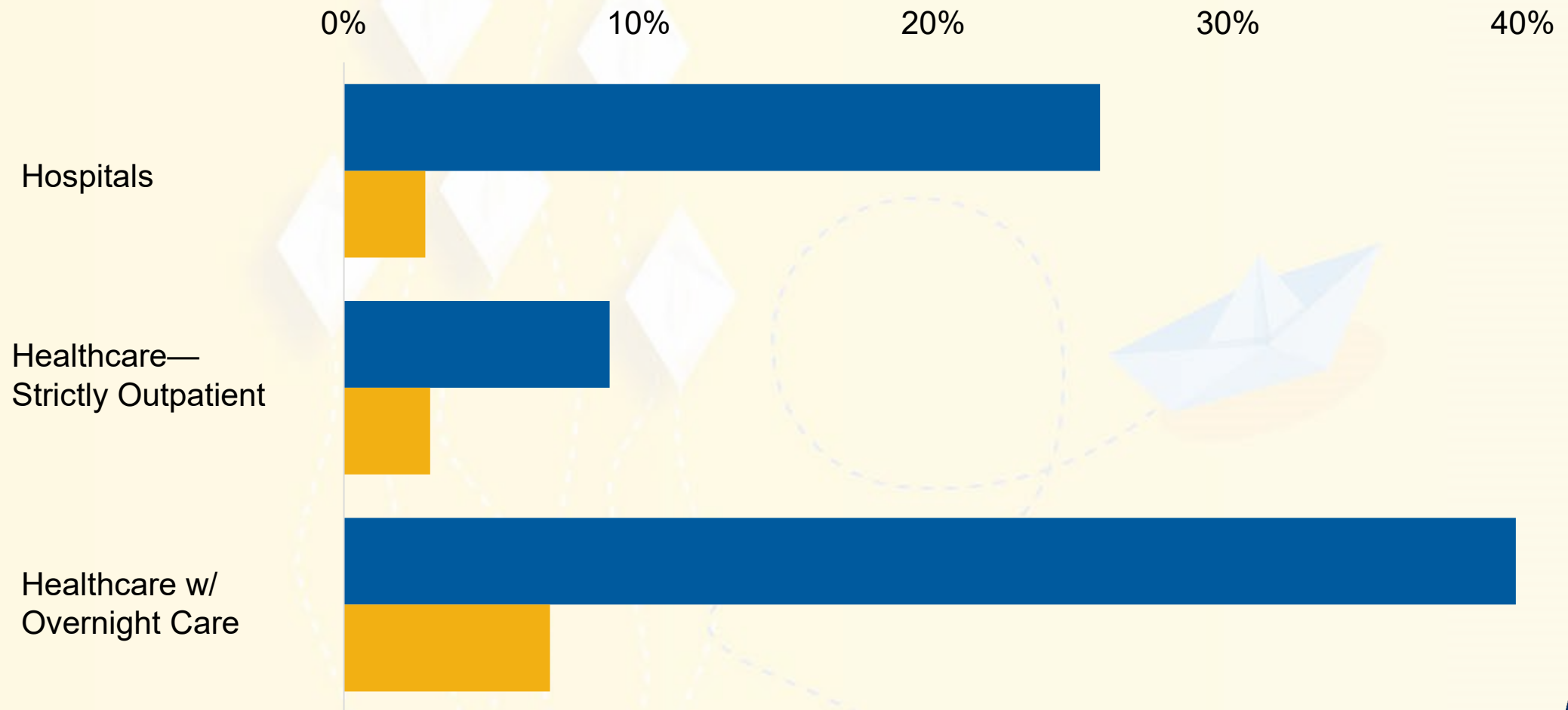
Distribution of COVID-19 Claims and Paid+Case Losses by Industry Sector



Source: Unit Statistical Data from Accident Year 2020 and Quarters 1 and 2 of Accident Year 2021, evaluated at a first report.



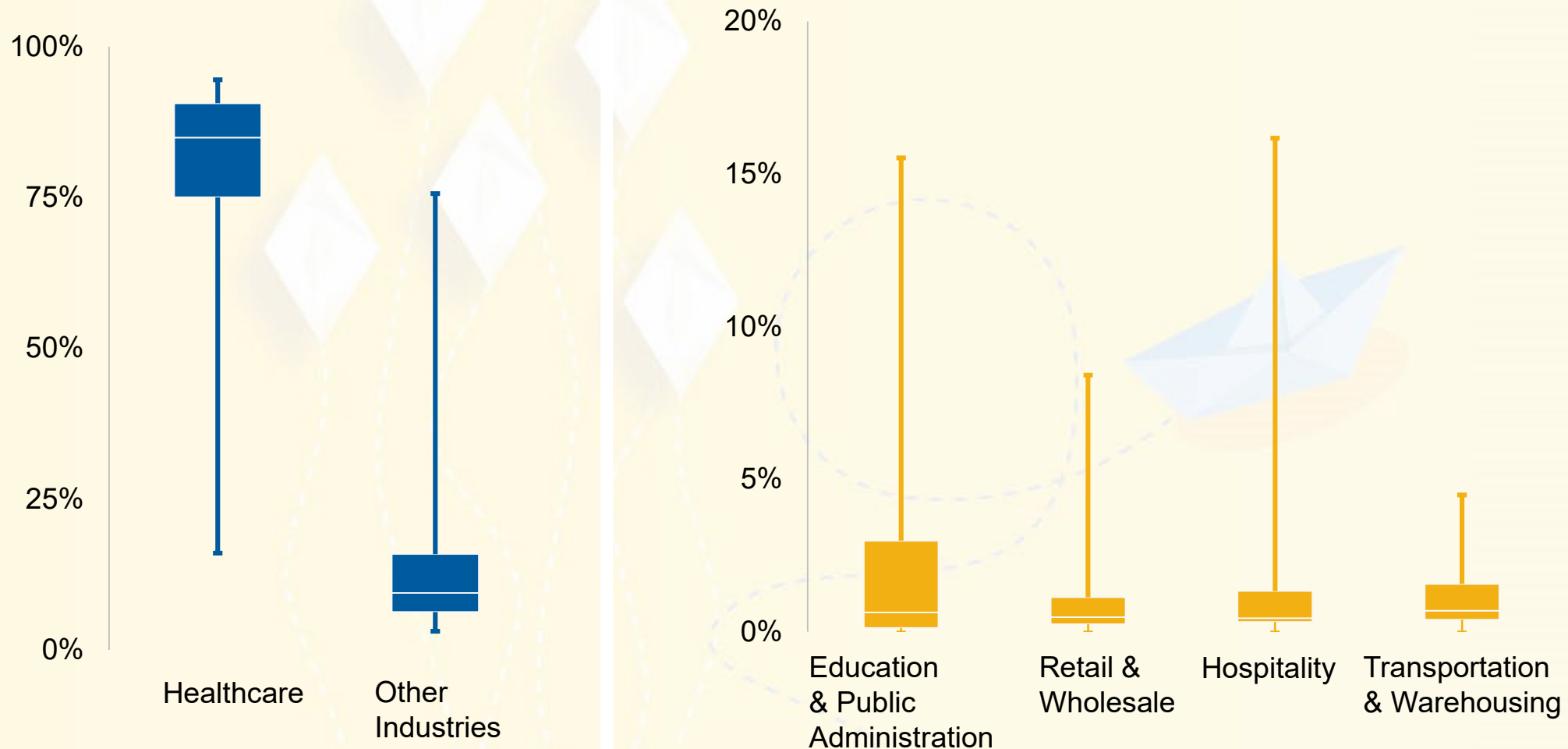
Distribution of COVID-19 and Non-COVID-19 Claims by Healthcare Segment



Source: Unit Statistical Data from Accident Year 2020 and Quarters 1 and 2 of Accident Year 2021, evaluated at a first report.



Distribution of COVID-19 Claims by Industry Sector and State

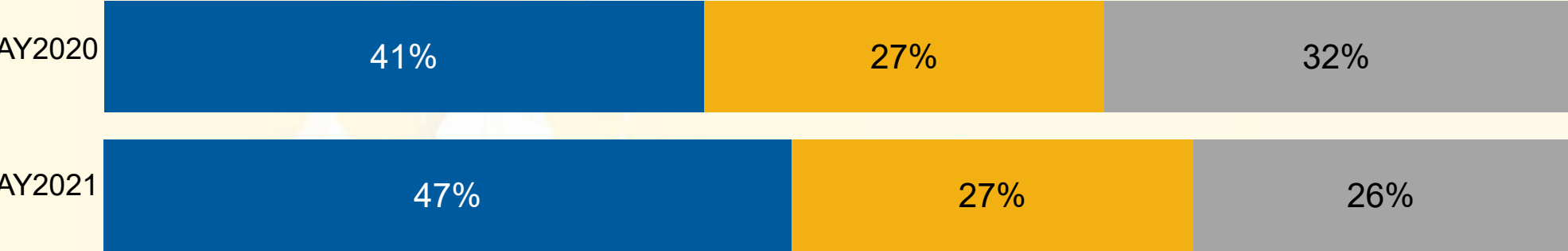


Source: Unit Statistical Data from Accident Year 2020 and Quarters 1 and 2 of Accident Year 2021, evaluated at a first report.

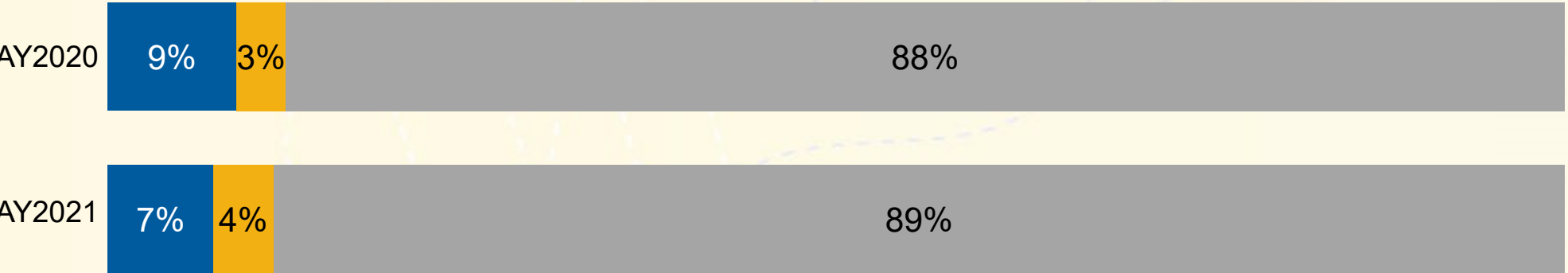


Distribution of COVID-19 Claims and Losses by Loss Type

Distribution of COVID-19 Claim Count Shares by Loss Type



Distribution of COVID-19 Paid+Case Shares by Loss Type

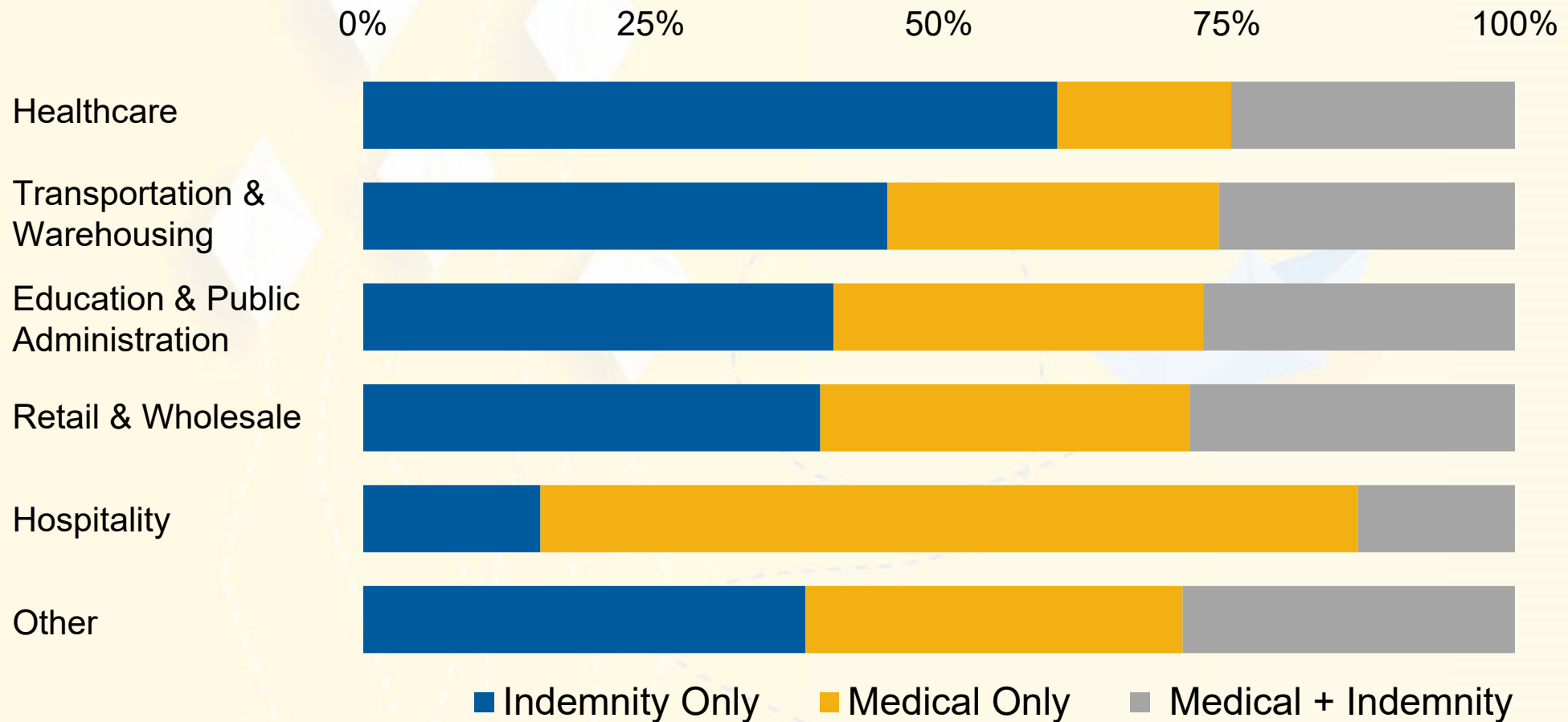


■ Indemnity Only ■ Medical Only ■ Medical + Indemnity

Source: Financial data from Accident Year 2020 evaluated as of year-end 2020 and Accident Year 2021 as of year-end 2021.



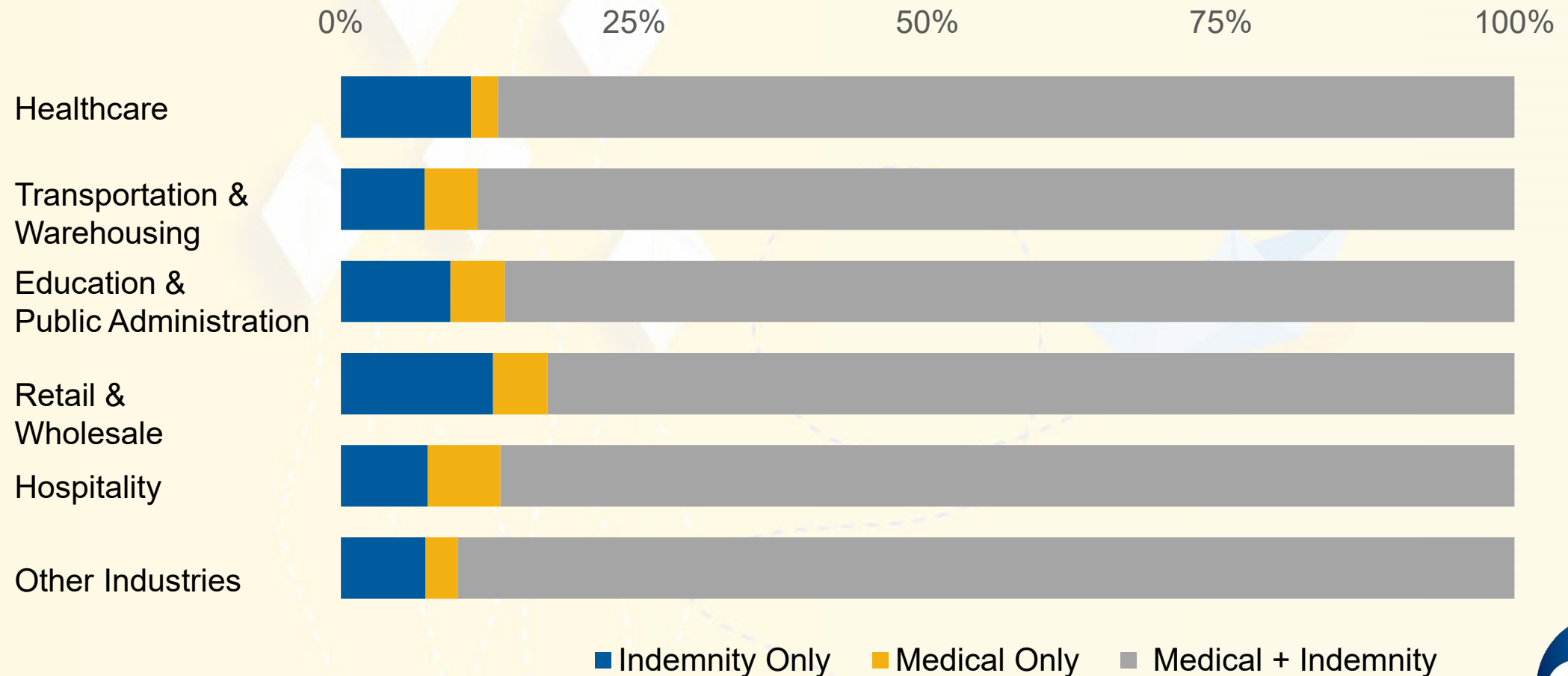
COVID-19 Claim Count Distribution by Loss Type and Industry Sector



Source: Unit Statistical Data from Accident Year 2020 and Quarters 1 and 2 of Accident Year 2021, evaluated at a first report.



COVID-19 Paid+Case Loss Distribution by Loss Type and Industry Sector



Source: Unit Statistical Data from Accident Year 2020 and Quarters 1 and 2 of Accident Year 2021, evaluated at a first report.



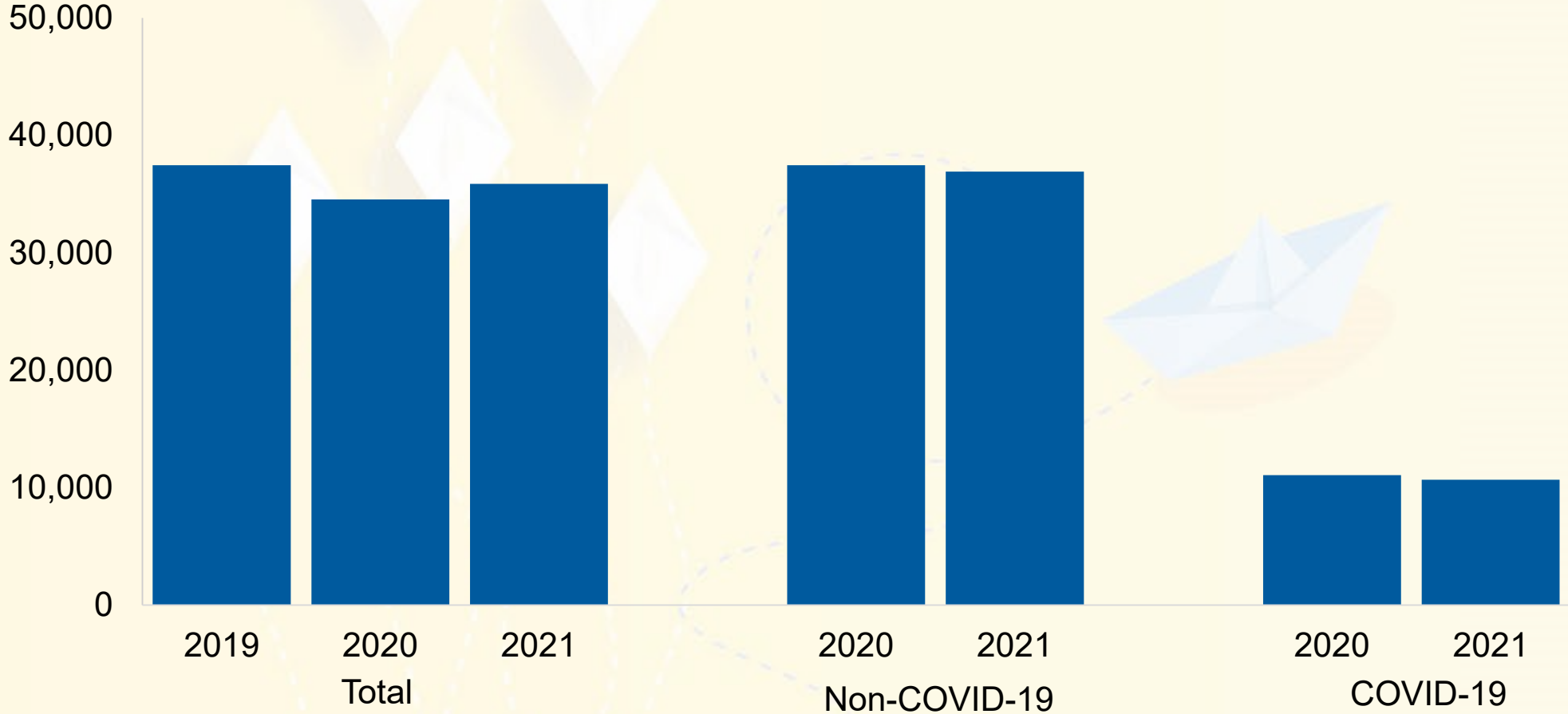
Severities | Laura Carstensen

This section focuses on **paid** and **paid+case severities** for the WC industry.

Severities indicate the average paid or paid+case amount per lost-time claim for each of the years shown. Unless stated otherwise, severities are lost-time claim severities.



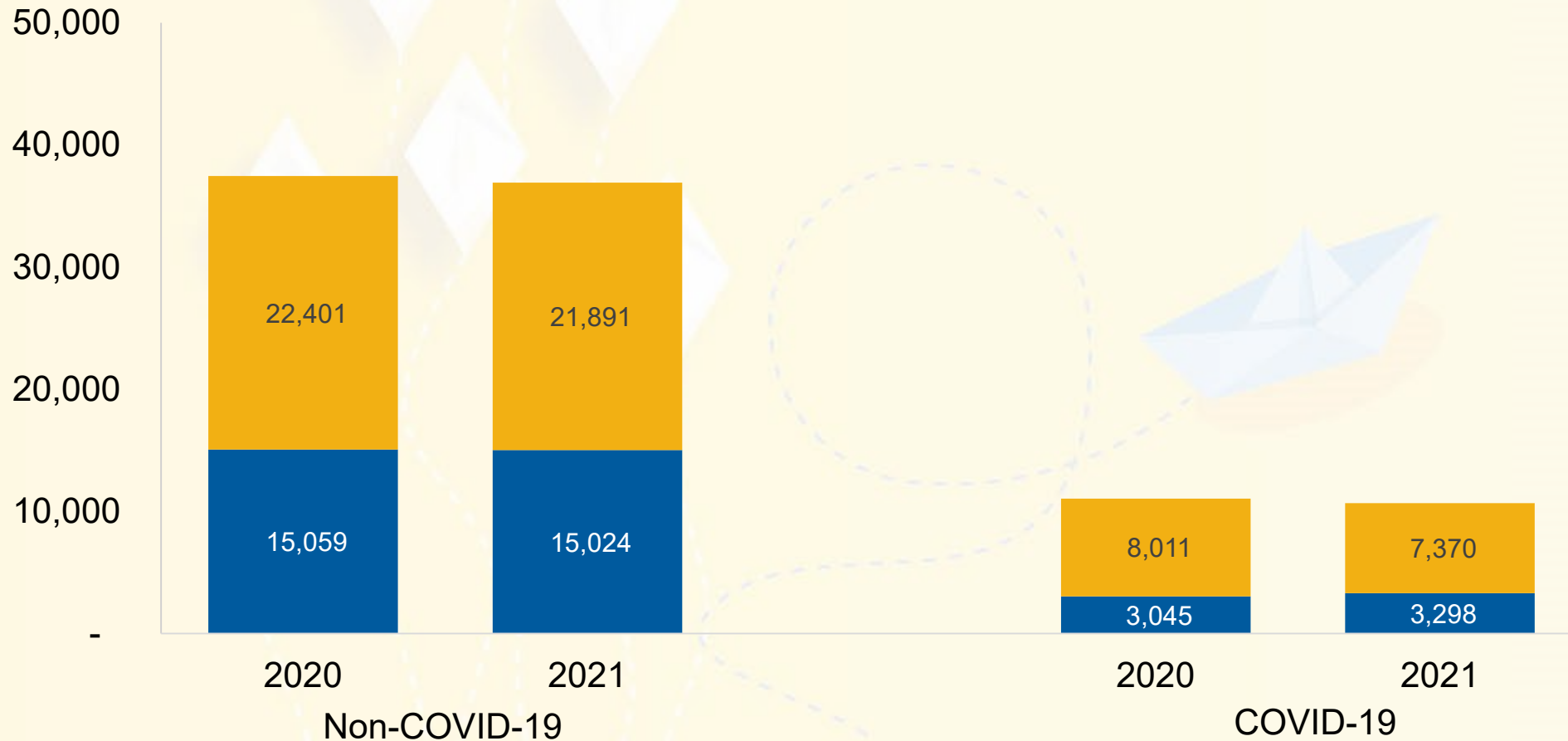
Countrywide Lost-Time Severities by Accident Year



Source: Financial data evaluated at respective year-ends.



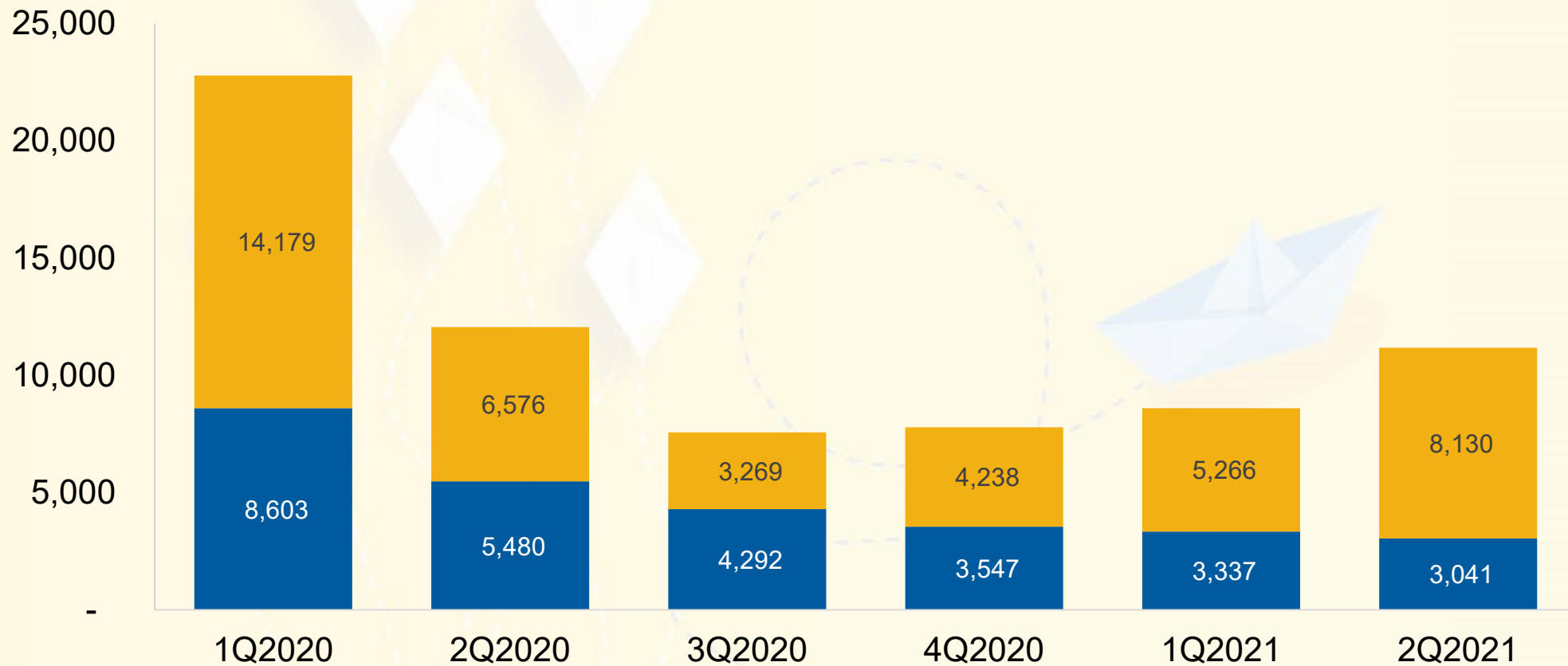
Countrywide Paid and Paid+Case Severities by Accident Year



Source: Financial data from Accident Year 2020 evaluated as of year-end 2020 and Accident Year 2021 as of year-end 2021.



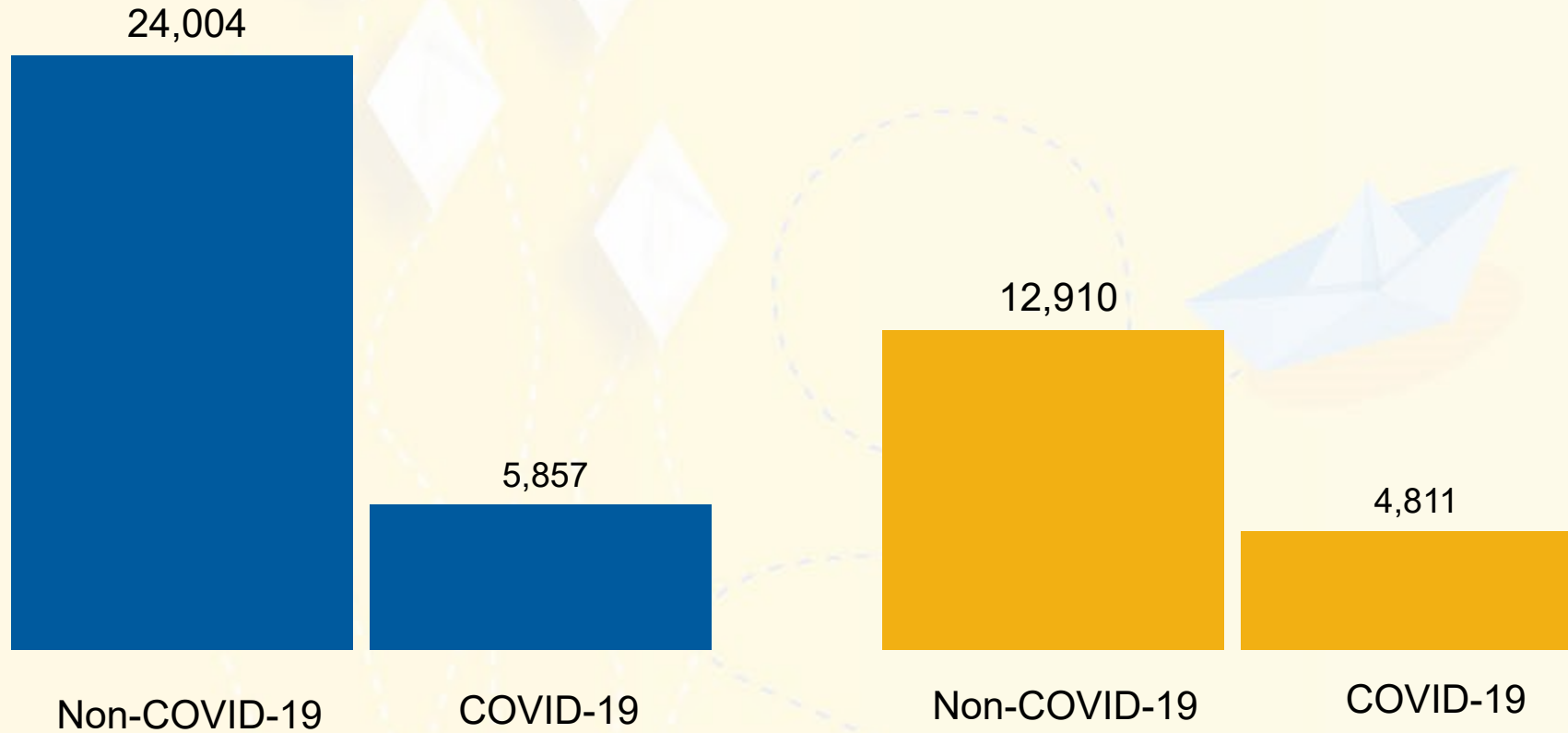
Countrywide COVID-19 Paid and Paid+Case Severities by Accident Quarter



Source: Unit Statistical Data from Accident Year 2020 and Quarters 1 and 2 of Accident Year 2021, evaluated at a first report.



Medical and Indemnity Severities for Accident Year 2021



Source: Financial data from Accident Year 2021 as of year-end 2021.



Open Ratios and Paid to Paid + Case Ratios| Laura Carstensen

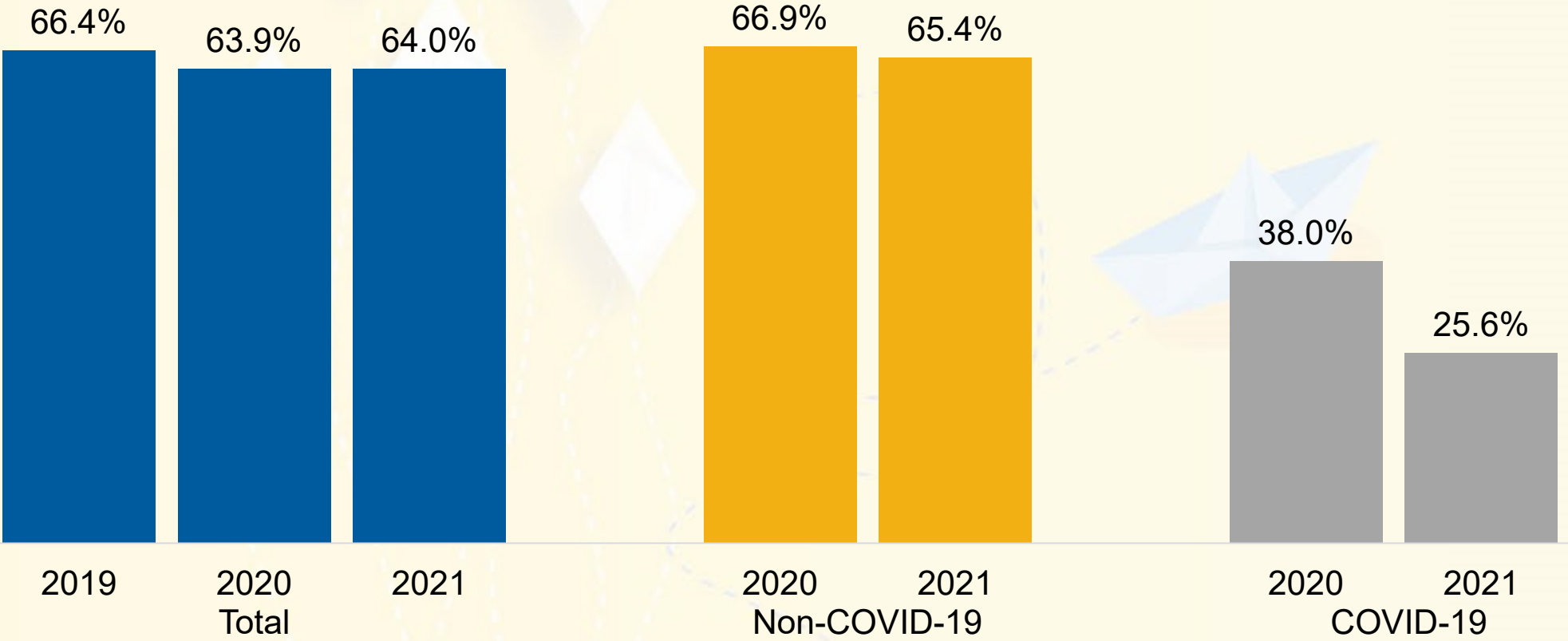
This section focuses on open and paid to paid + case ratios for the WC industry. These metrics may aid in evaluating the expected portion of a claim that remains outstanding.

Open ratios indicate the number of claims that remained open at year-end for each of the years shown. Unless stated otherwise, open ratios are for indemnity lost-time claims.

Paid to paid + case ratios indicate the portion of the claim that has already been paid by the insurer, relative to the total amount anticipated to be paid. Unless stated otherwise, paid to paid + case ratios are for total losses.



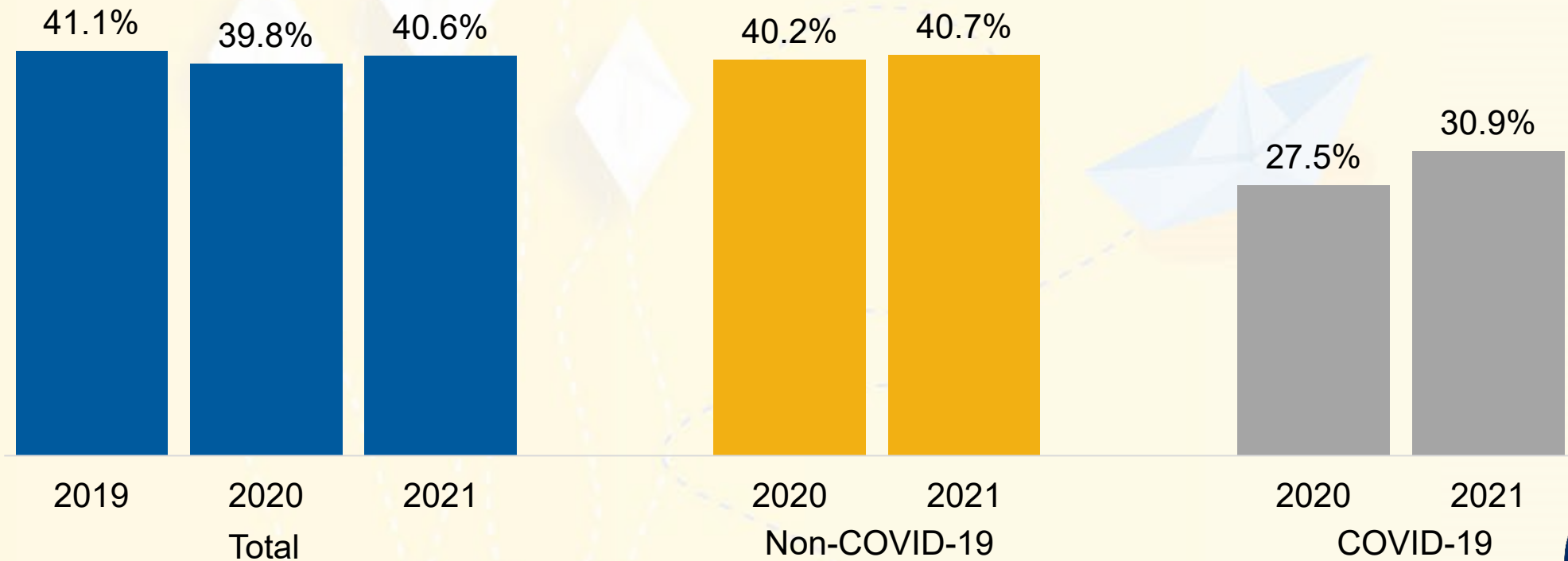
Countrywide Open Ratios by Accident Year



Source: Financial data evaluated at respective year-end. Excludes data for MN. Refer to [Data Description](#) for additional details.



Countrywide Paid-to-Paid+Case Ratios by Accident Year



Source: Financial data evaluated at respective year-end.



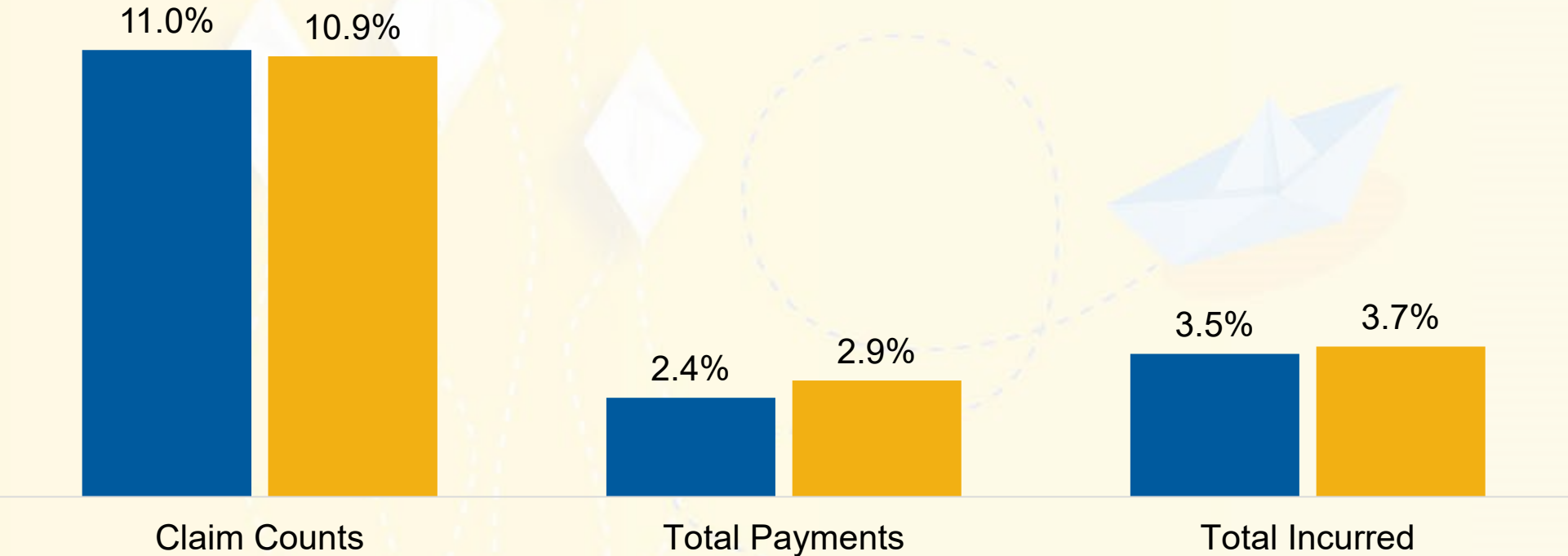
Development | Laura Carstensen

This section focuses on changes in the claim metrics for Accident Year 2020 as the claims mature. These metrics may aid in understanding characteristics of COVID-19 claims at different report levels.

Development compares AY2020 data evaluated as of year-end 2020 with AY2020 data evaluated as of year-end 2021.

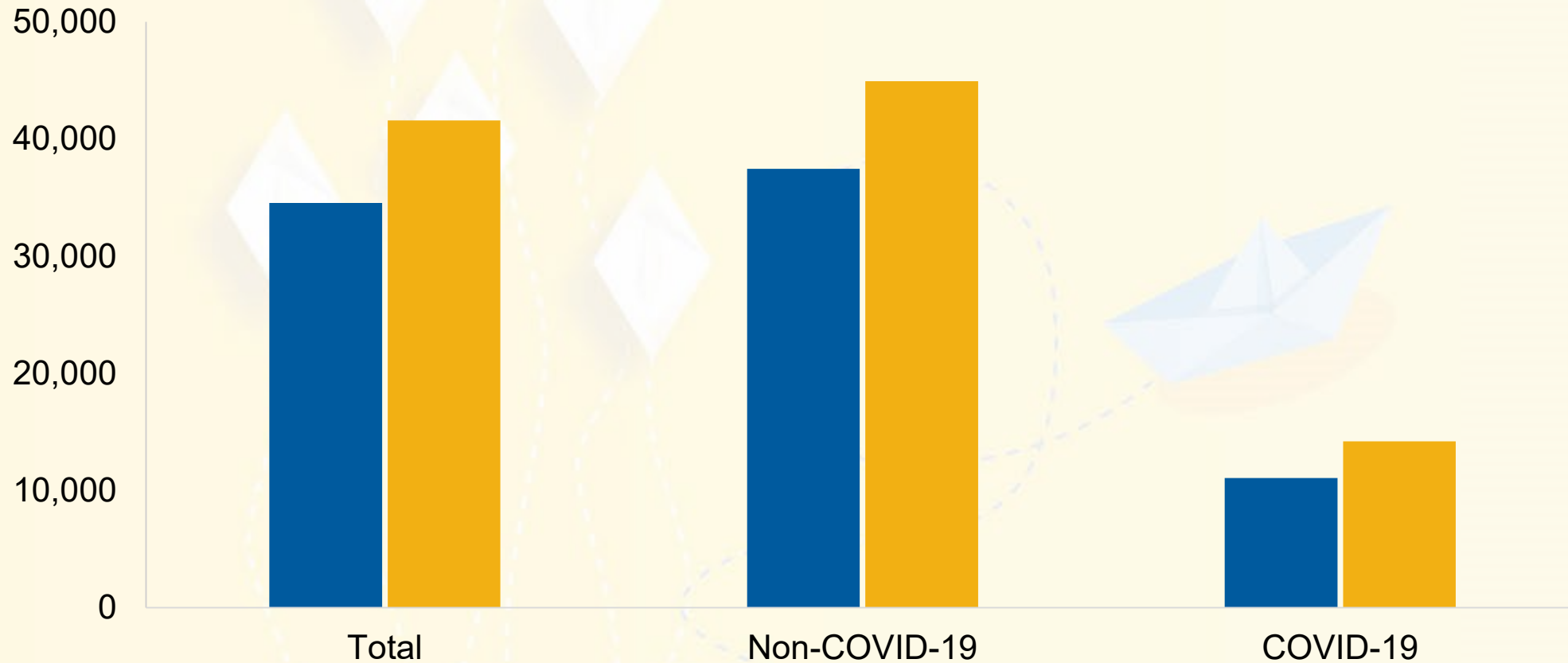


COVID-19 Shares of Claim Counts, Payments, and Paid+Case Losses AY2020 evaluated at **year-end 2020** and **year-end 2021**



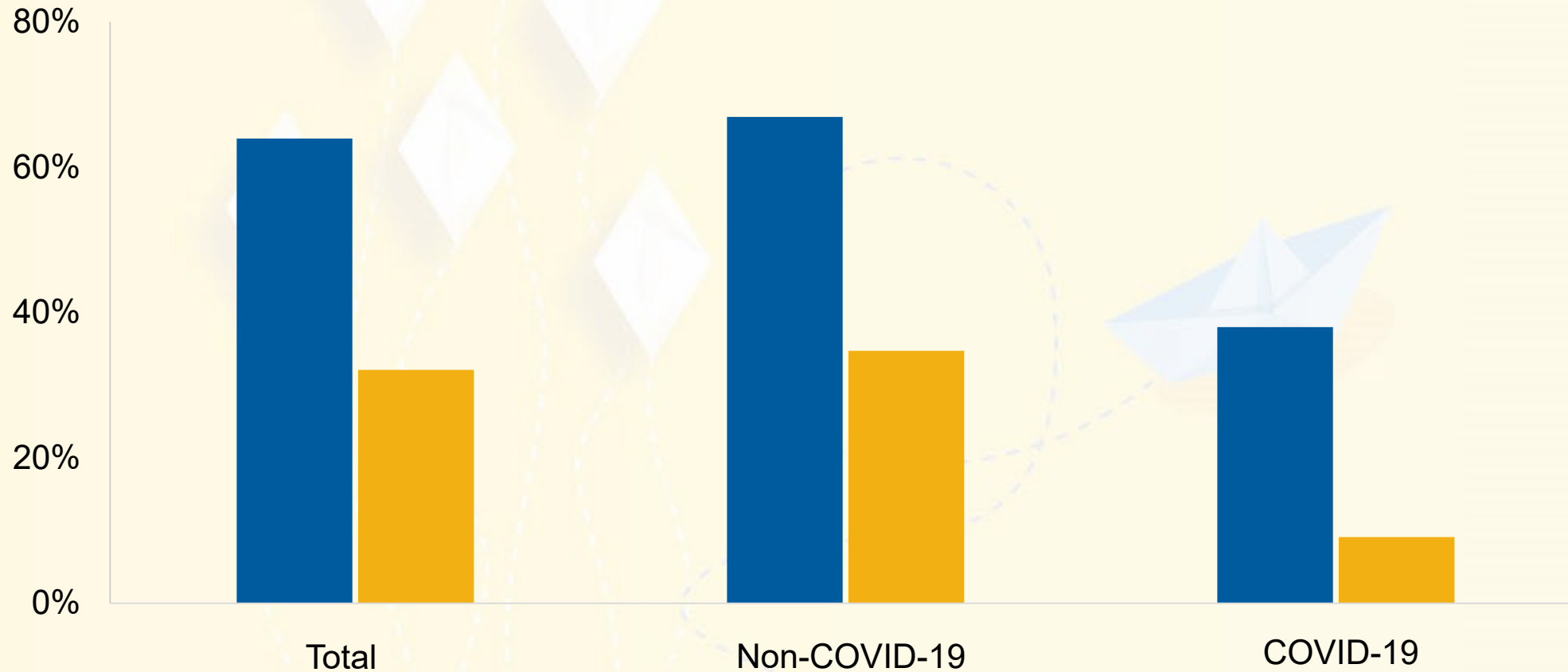
Countrywide Lost-Time Paid+Case Severity

AY2020 evaluated at **year-end 2020** and **year-end 2021**



Countrywide Open Ratios

AY2020 evaluated at **year-end 2020** and **year-end 2021**

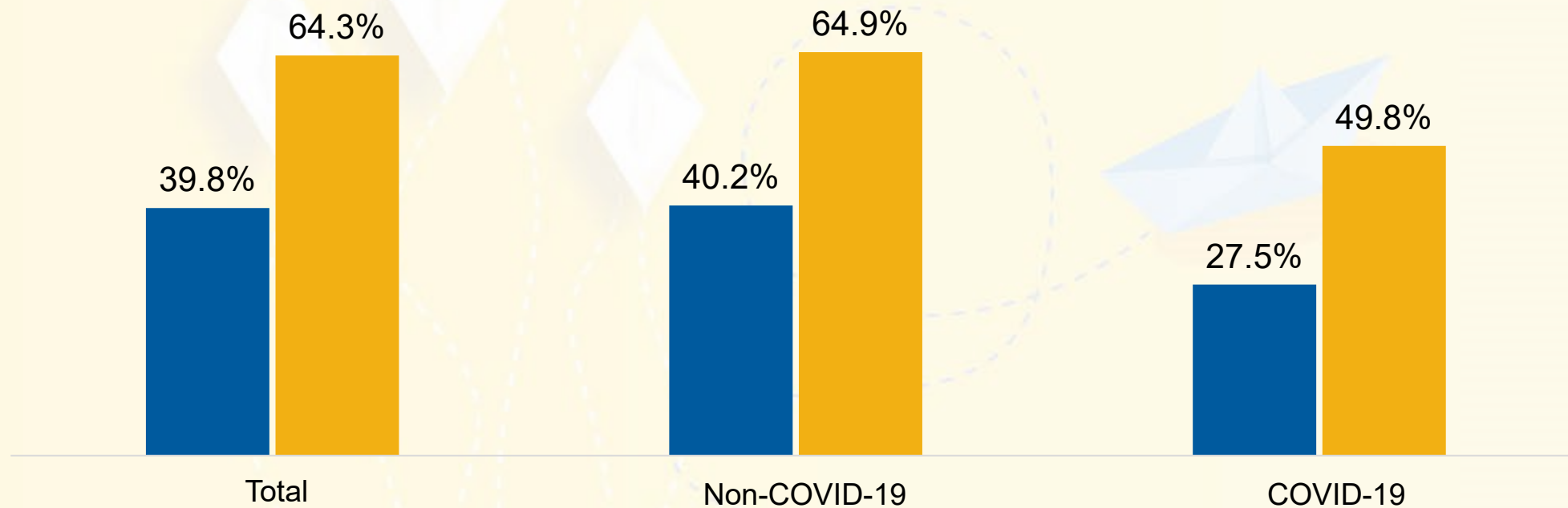


Excludes data for MN. Refer to [Data Description](#) for additional details.



Countrywide Paid-to-Paid+Case Ratios

AY2020 evaluated at **year-end 2020** and **year-end 2021**



Conclusion | Andrea Everling



The **COVID-19 claim share** **decreased** from 11% to 4% of WC lost-time claims.



Indemnity-only claims remain a **significant share** of reported COVID-19 claims.



Approximately **75% of COVID-19** claims were from the **healthcare sector**.



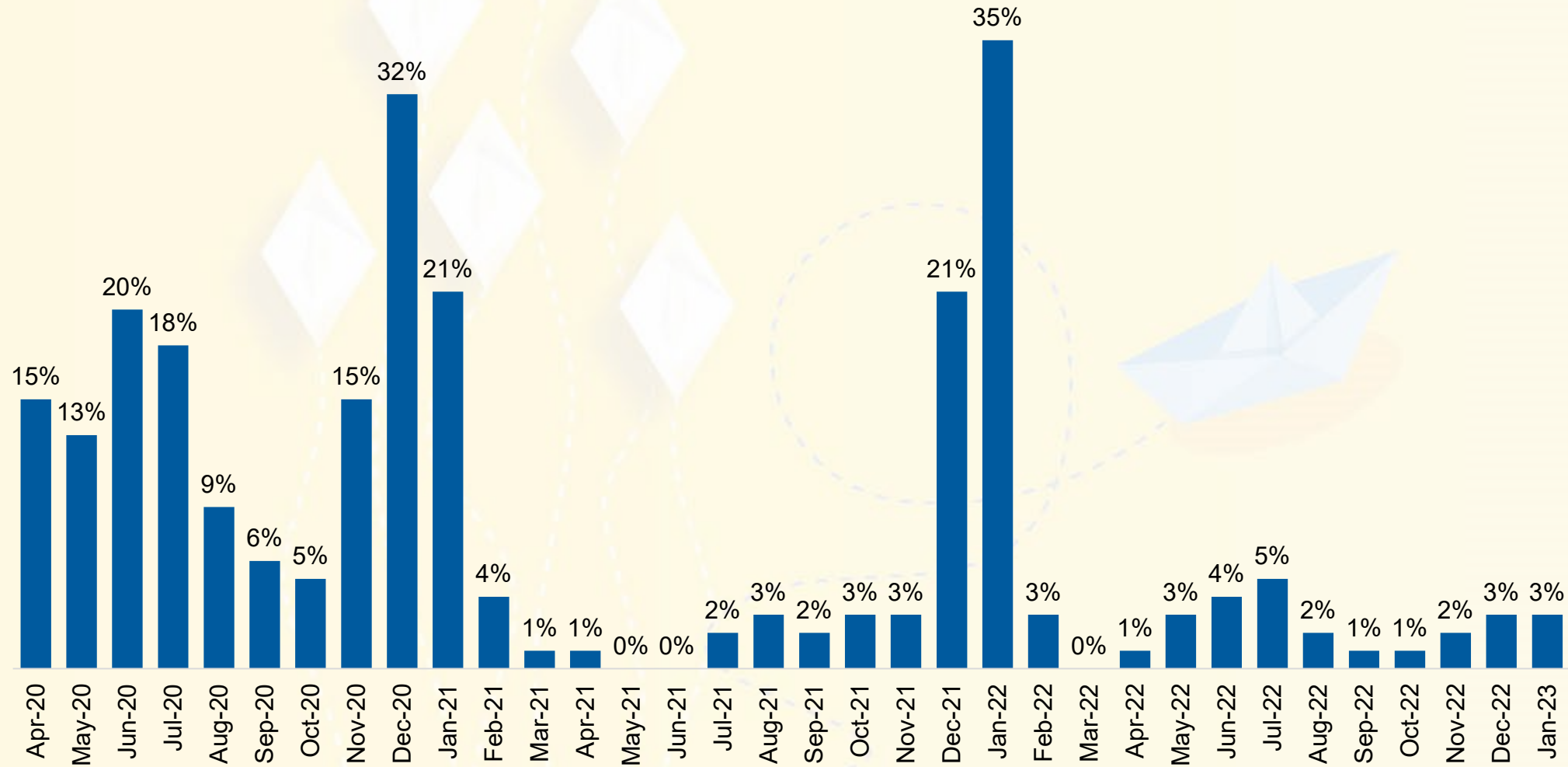
The average **cost** of a **COVID-19 claim** during the study period was approximately **\$9,600**.



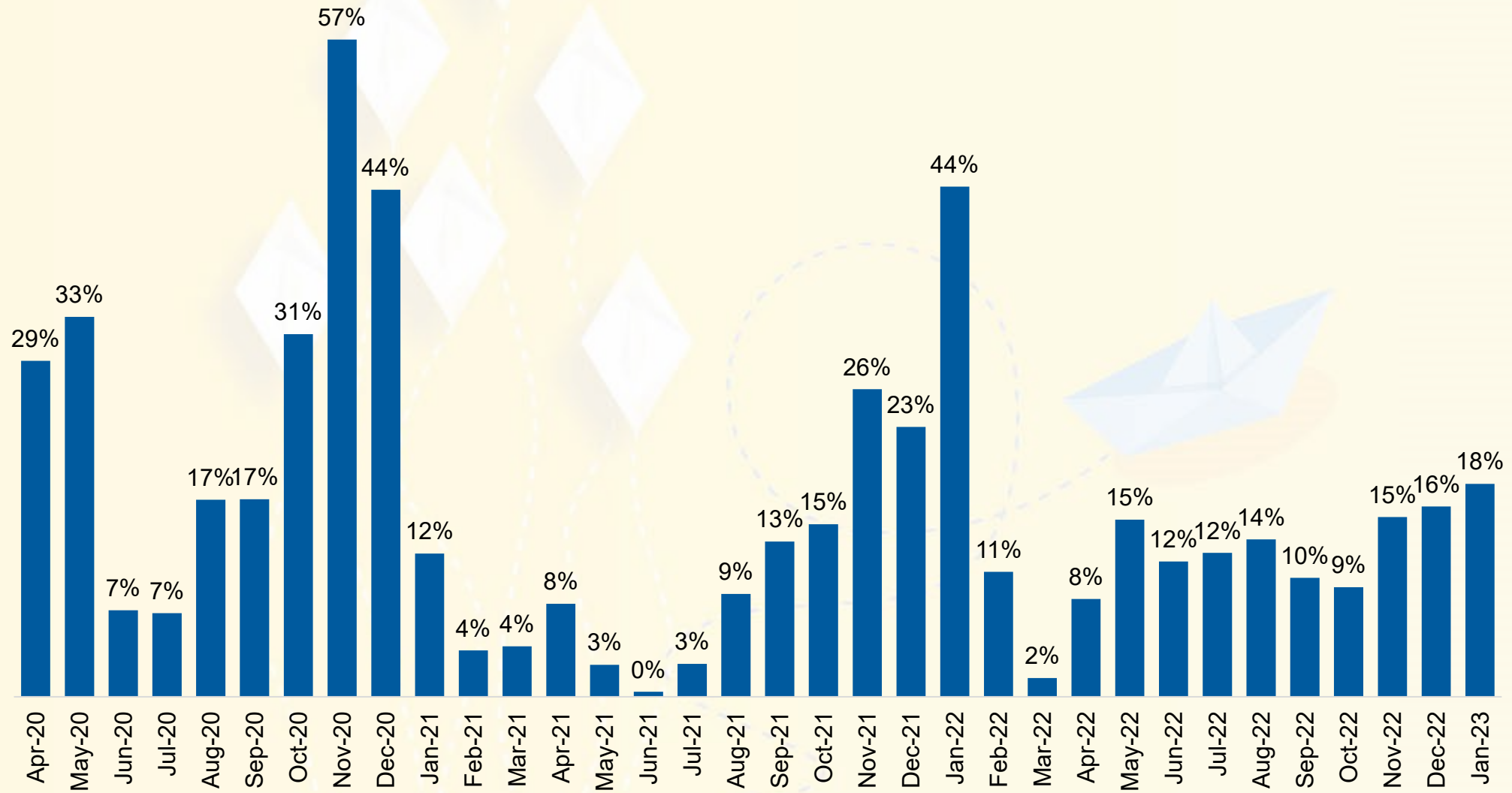
**What do New
Jersey,
California,
& Minnesota have
in common?**



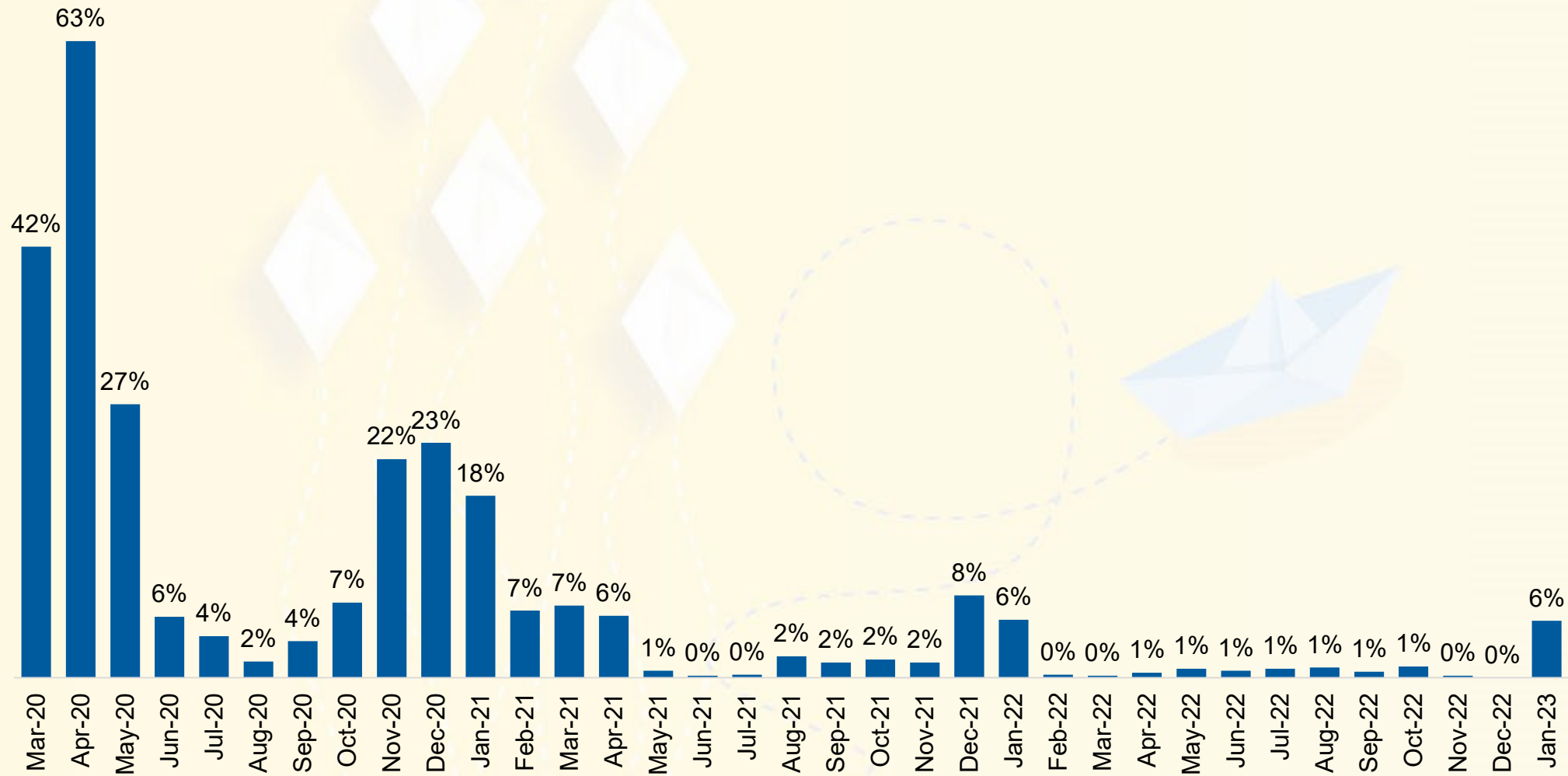
COVID-19 Share of Indemnity Claims in California



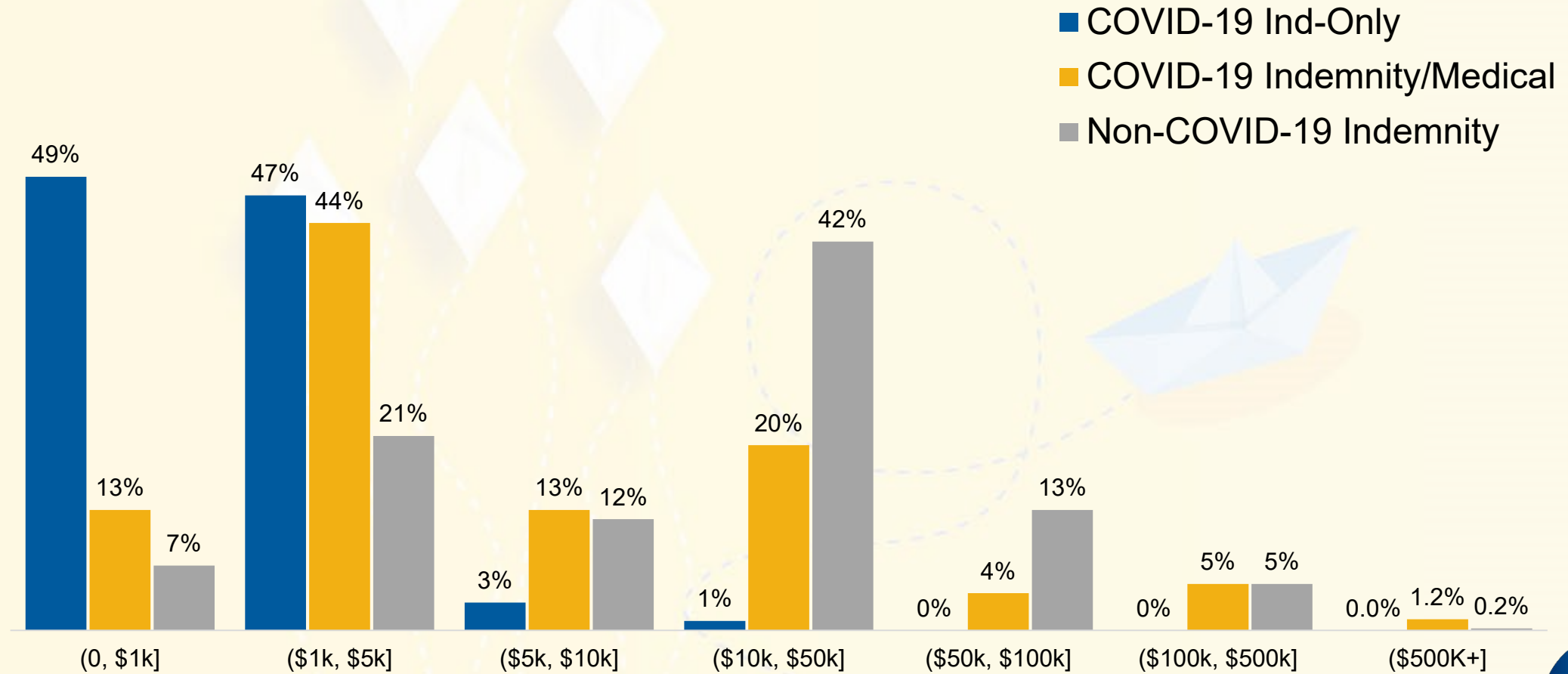
COVID-19 Share of Indemnity Claims in Minnesota



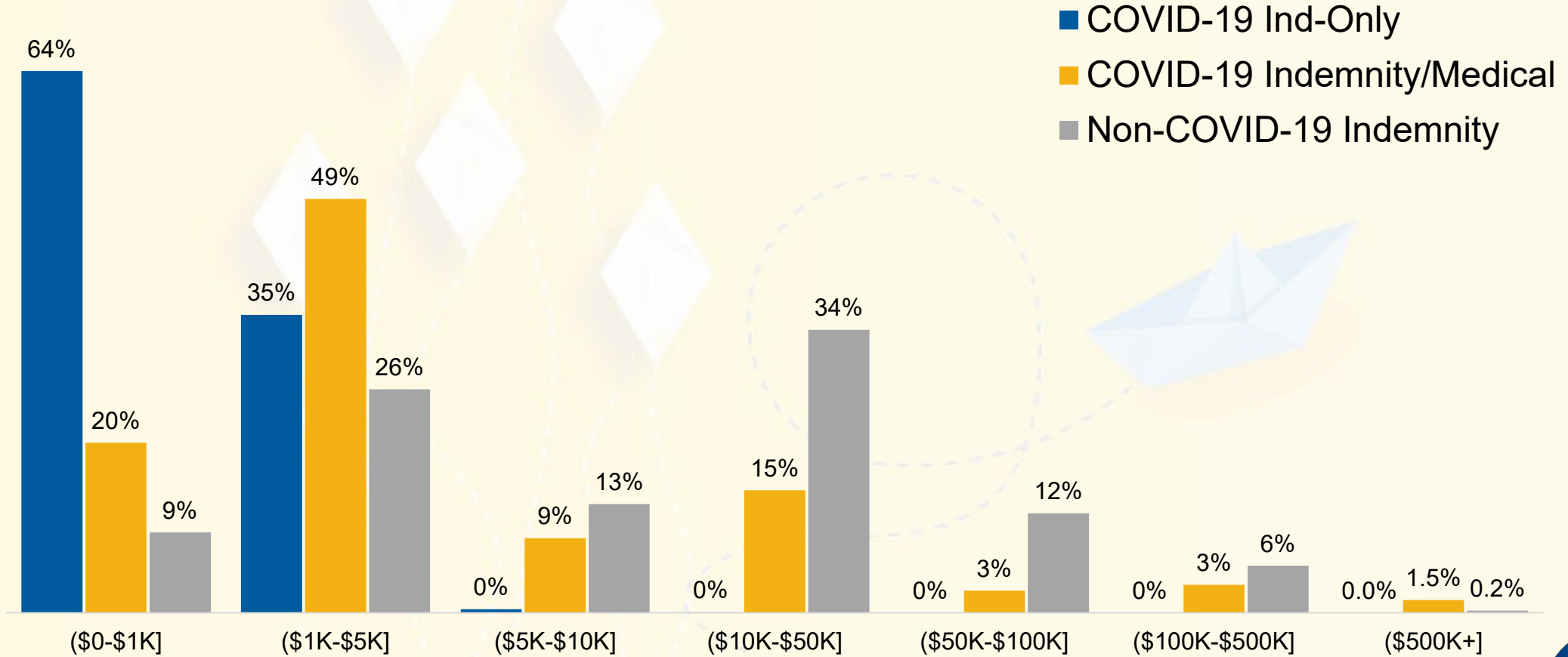
COVID-19 Share of Indemnity Claims in New Jersey



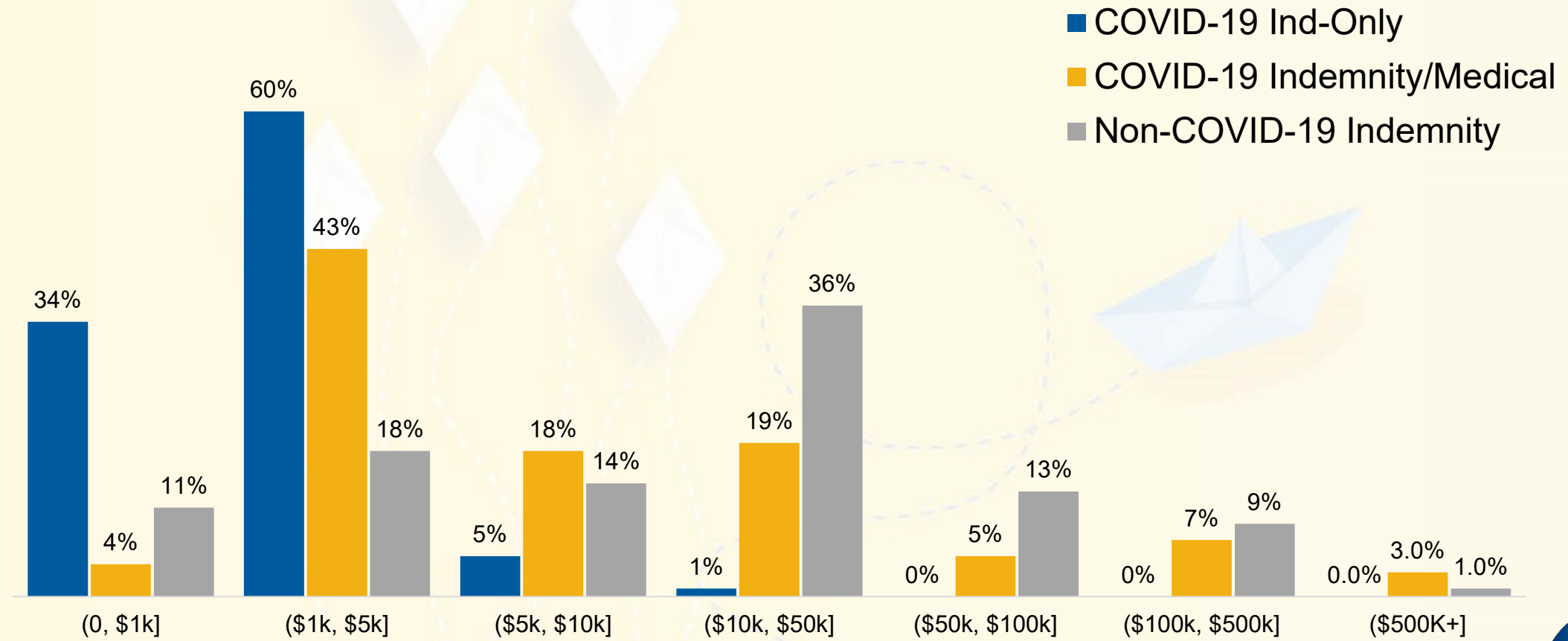
Indemnity Claim Distribution by Incurred Loss Size in California



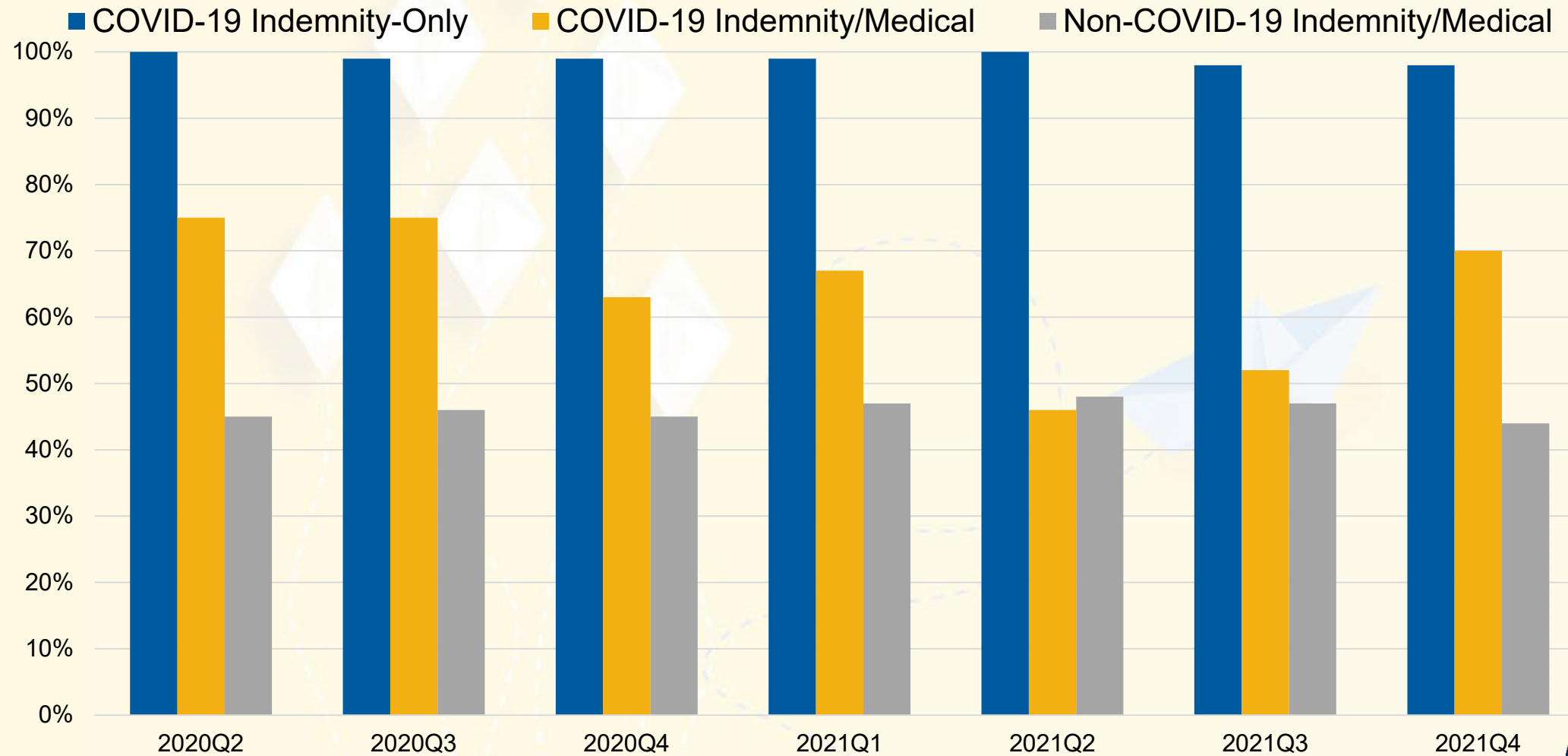
Indemnity Claim Distribution by Incurred Loss Size in Minnesota



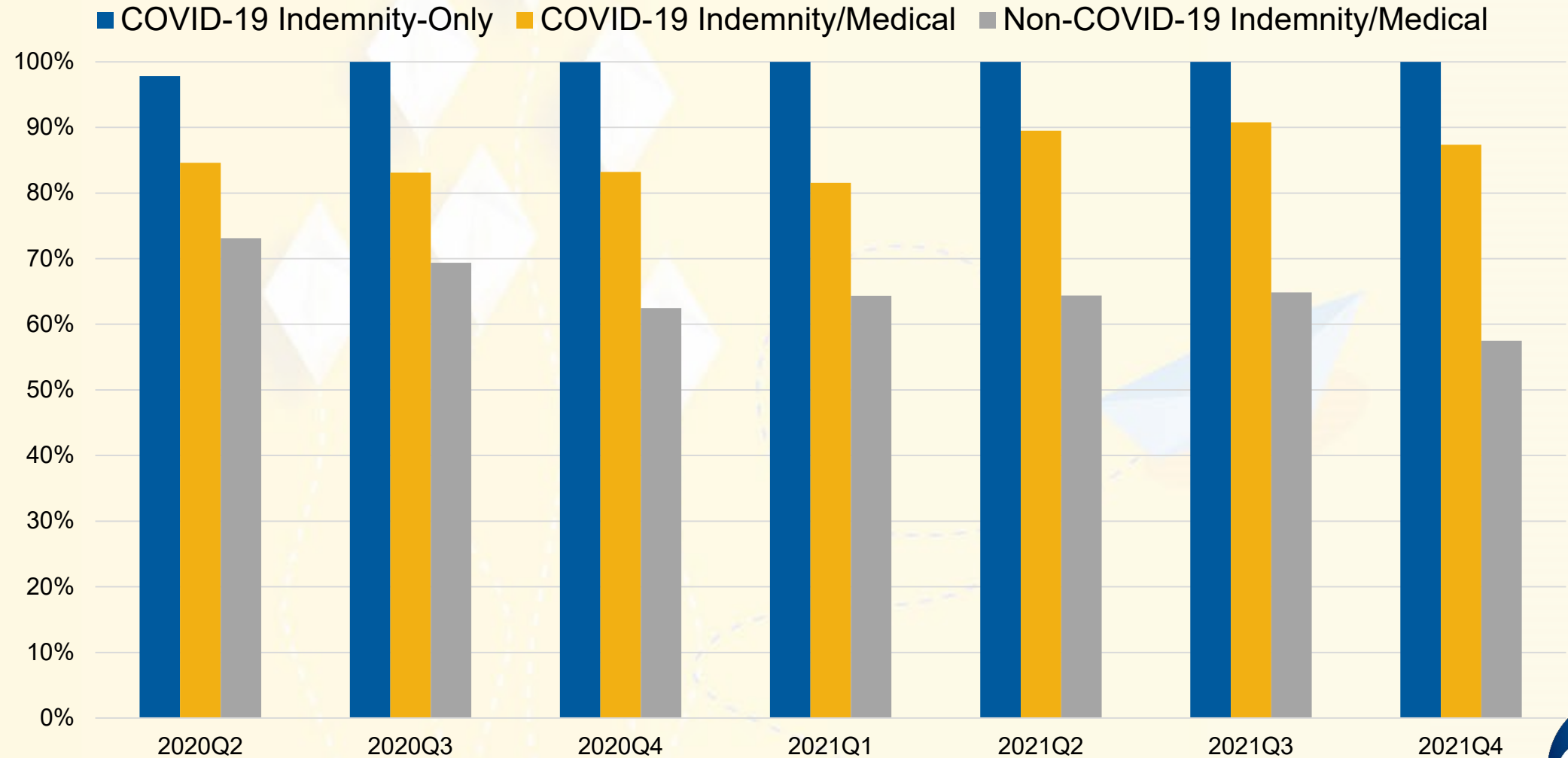
Indemnity Claim Distribution by Incurred Loss Size in New Jersey



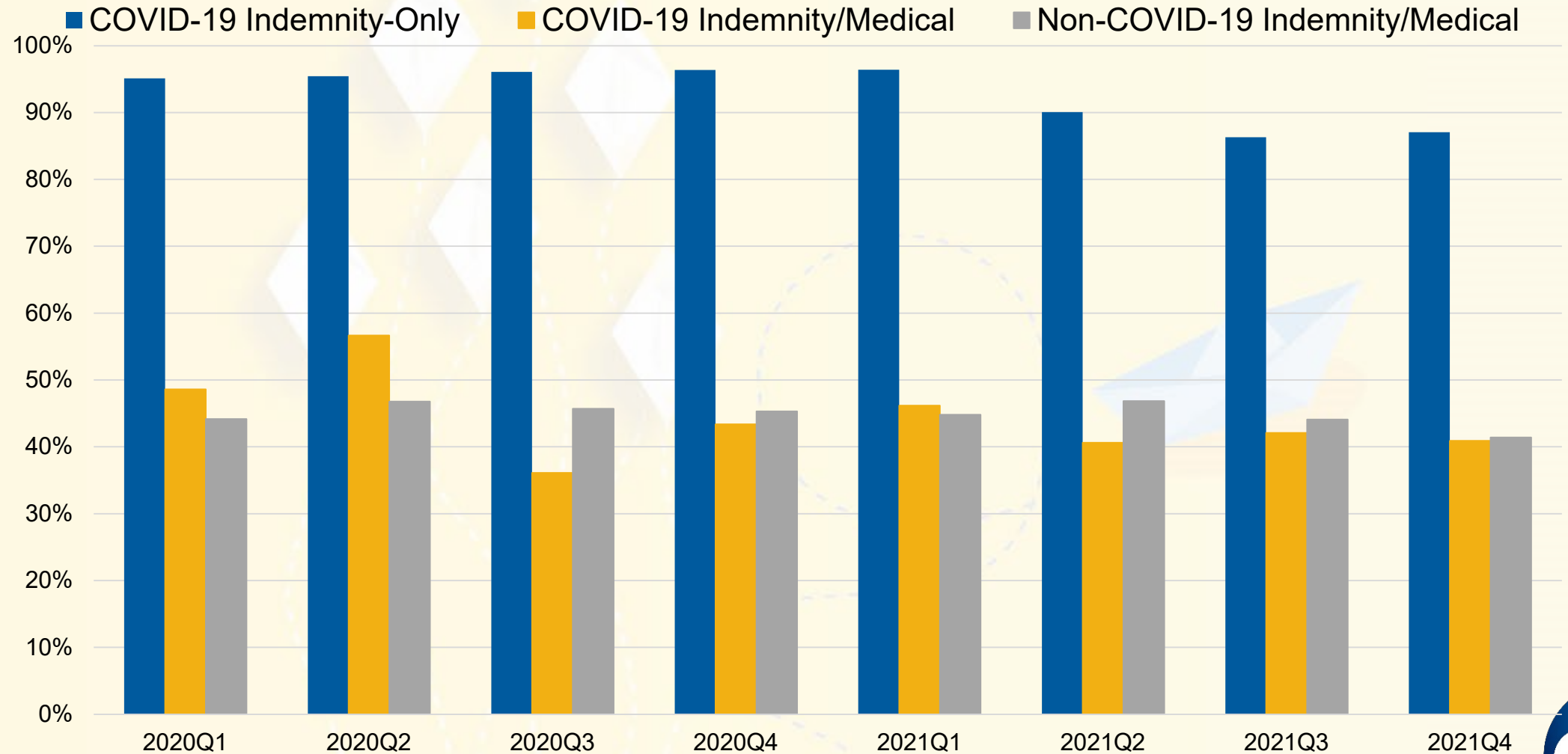
Indemnity Claims Closing Rate in California



Indemnity Claims Closing Rate in Minnesota



Indemnity Claims Closing Rate in New Jersey



Related Publications

[COVID-19's Impact on Workers Compensation, A Multi-Bureau Collaboration](#)

[Minnesota's workers' compensation COVID-19 claims update](#), Minnesota Department of Labor and Industry

[Minnesota's workers' compensation response to COVID-19](#), Minnesota Department of Labor and Industry

[COVID-19 and Privately-Insured Workers Compensation in Minnesota](#), MWCIA

[Long COVID in Workers Compensation: A First Look](#), NCCI

[COVID-19 Research and Resources](#), Washington State Department of Labor & Industries

[Novel Coronavirus Outbreak \(COVID-19\) Resources](#), Washington State Department of Labor & Industries

[COVID-19 in California Workers' Compensation](#), WCIRB

[Medical Treatments and Costs of COVID-19 Claims and an Early Look at "Long COVID" in the California Workers' Compensation System](#), WCIRB

[Telemedicine: Patterns of Use and Reimbursement, 2020Q1–2021Q2—A WCRI FlashReport](#), WCRI





What
questions do
you have?

